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1909

Please read the Preface.

(N.B.—Paras. 205—289, printed in tinted paper, are all new, dated 1909).

1909.

LATEST SUPPLEMENT  
TO  
“THE  
INSURANCE QUESTION  
PLAINLY TREATED  
FOR  
PLAIN PEOPLE”  
BY  
E. PIERCY HENDERSON,

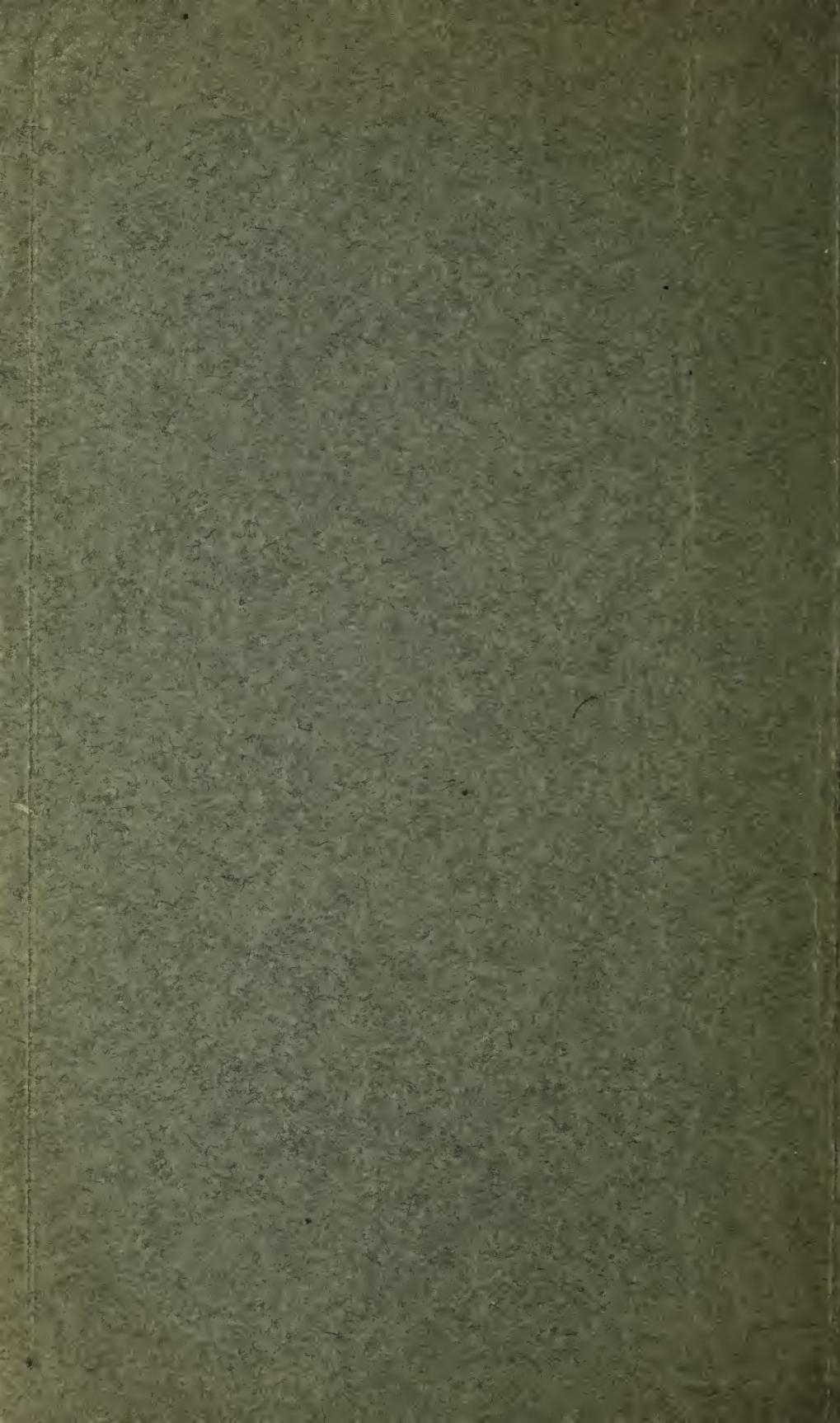
*Of Lincoln's Inn, Barrister at Law.*

FORMERLY OF THE COVENANTED CIVIL SERVICE OF INDIA  
AND PRINCIPAL LAW OFFICER,  
HER LATE MAJESTY'S GOVERNMENT, PANJAB.

AUTHOR OF “THE CONTRACT MANUAL, P.W.D., INDIA,”  
ETC.

—♦♦♦—  
(For Address see end of Preface)

FOR PRIVATE CIRCULATION ONLY.



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(For Address see end of Preface)

**FOR PRIVATE CIRCULATION ONLY.**

I trust that every person who takes up this Pamphlet will read and ponder earnestly over the subjoined extracts. The first is written by one to whom technical advice came too late. The second is written by a young officer still in time to profit by technical advice, and still able to protect his family by Life Insurance. The third is written by Admiral the Hon. Sir E. R. Fremantle, G.C.B., C.M.G., the weight of whose authority and whose impartiality none can question, and I am happy to be permitted by him to quote his words and his name.—E.P.H., 14/6/1907.

"I have read your pamphlet with the greatest interest, and am very glad to know that my son . . . has recently insured his life, at 25 years of age, through your kind and valuable guidance. The reading of your pamphlet brings it very vividly before me that the need of a guide and adviser like yourself in the 32 years of my service has meant the loss of several thousands of rupees to myself and my family. I tried to save from the beginning of my service, but, as I have told you, the savings of my life have disappeared in bad investments."

(Dated 13/6/1907.)

"I should like to express my appreciation of the way your pamphlet has opened my eyes to the absolute necessity of providing for the future (in spite of pensions), and I await your reply with confidence and anxiously at the same time." (Dated India, 30/4/1907.)

**Admiral Fremantle writes thus:—**

"You are certainly at liberty to quote anything you may have received from me, as I quite believe that you have made a close study of the question of insurance, and that your opinion is given in a disinterested manner. I should certainly advise all intending insurers to consult you before they decide where to go or what to do. Naval Officers ought to insure much more than they do, and I am glad that you are about to bring the subject to their notice."

(Dated 29/5/1907.)\*

\* The Navy has responded largely to the circulation of my 1908 Pamphlet and will, I trust, read the new matter, 1909, printed on tinted paper. E.P.H. 25/5/09.

368.3  
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1908

## PREFACE

(1908).

[The 1909 Preface is prefixed to Para. 205.]

The present issue of this Pamphlet consists of that of 1907, followed by new matter written during 1908. The detailed Preface of the 1906 Pamphlet is subjoined, and I beg that those who have not read it will now do so, as it fully explains my aims.

If my views carry conviction to the minds of my readers the reason can be well expressed in the words of a recent article in *The Times*: "He convinced his hearers because he was himself "convinced, and because, as Mr. Balfour observed, he explained "to them the process by which he had been convinced." My opinions are never oracular, but are stated side by side with the reasons which led me to form them.

It may interest my many friends to know that this year again my work is far in advance of the figures of last year at the same date. For this fact I am largely indebted to the unwearying manner in which those who have insured through me advise others to put their cases before me.

E. P. HENDERSON, I.C.S. (retd.)

42 Leinster Gardens,

London, W.

15th April, 1908.

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## PREFACE

(1906).

This Pamphlet is designed to illustrate the proposition that business to be successful must be conducted on scientific lines. The principle is no new one, but it has been sorely neglected so far as Life Insurance is concerned. If a watch is out of order, one sends it to the watchmaker. If one's health is out of order, one consults a doctor. If one wishes to build a house, one has it

designed by an architect and built by a professional builder; and so on. But as regards an investment always important, and often overwhelmingly so, namely, Life Insurance, the general public seem to imagine that neither technical knowledge nor experience, theoretical or practical, is required, and that every man is competent to select his own Office and his own Policy. This Pamphlet is intended to prove beyond controversy that the subject is eminently technical, and not only that, but it is also beset with dishonesty; that it is downright folly to take for gospel any statement whatever made in an Insurance prospectus or by an Insurance official or--above all things--by an Insurance agent; and that the only chance which the public have of securing the best value for their money, and the most effective accomplishment of what they aim at, lies in their recognising that the subject is beyond the ken of the average man, and in doing their Insurance business through someone who has made a special study of the subject, and understands it. This Pamphlet illustrates in various ways the enormous nett disparity of the various Offices—a disparity not confined to the return which at present they give for money paid to them, but including also disparity in other respects such as safety, upward or downward tendency, and last and not least important of all, morality. The Pamphlet gives no help to the reader towards the selection of his own Office or Policy: it is intended solely to convince him that the only wise course is to consult a qualified adviser, and also to put before him materials whereby to some extent he can judge for himself whether I, the writer, am worth consulting, or whether he should go to somebody else. **More than five thousand persons,\* including members of every Service and every learned profession have consulted me.** I subjoin an extract from a letter recently received from an Indian military Officer of considerable standing. I much value his willingness that his name should be mentioned, but I have not taken the liberty of stating it:—

“ It means a great deal to Officers in India who have no knowledge of Insurance work, to have someone to advise and assist them as you have done me; and I shall not fail to let my friends know of your kind assistance and valuable advice. It is with some diffidence I say so, but should you care to have a letter on this subject for publication in your records I can only say that it would give me extreme pleasure to send you such a

\* Over 8,000 now. E.P.H. 25/5/'09.

"letter. It is, as you say, incredible that your work is unsound—" and I cannot but think that if every senior Officer, situated "as I am, knew how advantageously he could assure, he "would apply to you for advice and help."

2. The structure of the Pamphlet is not very convenient, but has its advantages. As far as para. 81 the Pamphlet is that of 1903, some paras. thereof being omitted in order solely to gain space for others. Then follows the new matter of 1905, reprinted. Lastly, on tinted paper, follows the new matter of the present year.\* I could not possibly spare time to recast the whole Pamphlet, and it will be noticed that there are various repetitions in the matter of 1905 and 1906, but they are repetitions which experience has proved to be necessary. Those who have read the 1905 Pamphlet can go straight to the new matter on tinted paper.

3. If I were asked to sum up the contents of this Pamphlet in a few lines I might do so thus:—

- (1) The man who does his own Insurance business without obtaining reliable technical advice "has a fool for his client."
- (2) The only technical advice worth having is that of a person presumably trustworthy **who has nothing to do with any Life Office in existence**, and who devotes the whole of his time to special study of this subject alone.
- (3) As regards my own advice—it is only offered under a promise **on honour** to observe my conditions stated in para. 1 of the Pamphlet, and I expect men in the position of gentlemen to remember that such a promise should be faithfully observed, and that forgetfulness and want of thought are no excuse whatever for the disclosure of my communications to other persons.
- (4) Advice on Insurance given to one person is never safely acted upon by another person without guidance.
- (5) Every person living, even if a millionaire, should include Life Insurance in his general scheme of investments; and the married man not of independent fortune who is not insured fails in his duty to his family.
- (6) Every holder of a Policy should put it before a competent adviser for examination, and that without delay.

\* The new matter of 1909, not that of 1908, is on tinted paper in the 1909 issue. E.P.H. 25/5/09.

(7) No man has a certainty of a single day of life. To weigh the merits of Life Insurance solely by the test of return in compound interest upon survivance to the end of a long term of years is childish; hence the unquestionable inferiority of Government Provident Funds to well-chosen Life Insurance.

4. Many persons write that my name is so well known in India that nothing which they can say can help my business. But there is, and always will be, unlimited scope for earnest and persistent advocacy by every man of Life Insurance as the only safe and reliable method of saving for most persons to adopt. Every time any one induces another to put his case before me with a view to Life Insurance he is doing his part in the furtherance of a work none the less beneficent to the public, although its author makes no profession of carrying it on from philanthropic motives. I would explain that this Pamphlet is not confidential, and can be shown to any person. I only ask that it be not shown to people connected with Life Insurance, whom I have no desire to assist in their business. On the other hand, the reader is welcome to test the correctness of any assertion in the Pamphlet by enquiring concerning it from any Insurance authority he pleases.

5. A rumour recently spread in India that I am retiring from my business is quite unfounded and is probably designed to deter men from consulting me.\* I have not the slightest intention of retiring, but when I do so I shall leave my business in thoroughly competent hands, so if those who formerly exploited Anglo-India imagine that they will soon have their own way again they are likely to be disappointed. I recognise a positive duty to India to arrange so that the want which I have created for technical advice shall never be left unsatisfied. Even if I were to collapse very suddenly indeed, my opinions are now so fully stated in more than 20,000 pages of concrete cases, that any man of education, intelligence, and industry could master them in six months; and the promise of the services of such a man is already secured. For a few samples of the manner in which persons about to consult me are secretly warned against doing so I would refer my readers to paras. 79, 82, 87-9 and, for a few remarks in reply to these unknown detractors, para. 126. I also make charges against others; but in every case where I do this by name

\* So also is the later and more daring rumour that I am dead! E.P.H.  
15/4/'08.

I give the person criticised an ample opportunity of obtaining redress in Court by furnishing him with a copy of the relevant passage and an admission of publication over my own signature. Every man named in my para. 155 has had ample opportunity of deciding to apply to the Courts to restrain me by injunction from publication; and I have given the National Mutual Life Assurance Society the same information and opportunity. Unless my statements are true in substance and in fact they are abominable libels. If they are true in substance and in fact my readers can judge whether the disclosure of these things is a public service or not.

6. I would specially draw attention to the fact that **my advice is not available except upon an express acceptance of the conditions printed in para. 1 at page 1 of the Pamphlet.**

7. Although my Tables, etc., have been prepared primarily for Anglo-Indians (with whom, thus far, the bulk of my business has lain), the truths contained in them apply with equal force at home, and I can assure intending insurers, and also the holders of Policies in this country, that they will not regret taking the harmless step of simply enquiring what I have to say.

8. The following passage in a letter from a Colonel in the Indian Army, and relating to the manner in which too many men heedlessly or otherwise disclose details of my advice to others in flat violation of their promise to the contrary, will fitly close this preface. I cannot understand how men who are indubitably gentlemen as well as being officers in his Majesty's Service can give me their word of honour and then behave as if such a pledge had no existence. I am old-fashioned enough to be of opinion that when you promise a thing on your honour you have to perform it, however disagreeable the performance may be. My correspondent writes thus: "I sympathise with you truly in the "worries to which you are often subjected. It might be charitable to apply the term 'heedlessness' to acts which men could "not be guilty of if they would only exercise common sense and "recognise that such actions as you describe involve questions of "personal honour. I need not tell you that I keep all your letters "under lock and key. In fact, I don't know whether it would "not be better to destroy them on the completion of a transaction."

"I wish you all success in a work undertaken most pluckily  
"at the end of a long Indian career, which has for its end the  
"awakening of men to their own interests in money matters, and  
"showing them how a little reflection will serve not only them-  
"selves, but those dependent on them."

E. P. HENDERSON, I.C.S. (retd.)

42 Leinster Gardens,  
London, W.,  
1st May, 1906.

Telegrams and Cablegrams: "LEINSTERIA, LONDON."  
Telephone: 3153 MAYFAIR.

P.S.—I can be consulted orally (by previous appointment) any day, and at any hour, at the above address except between 15th July and 15th November in each year. **Between those dates I carry on my work by correspondence just as usual**, but am ordinarily absent from London. I can also return to London **at any time** for important business. The above address for letters will always find me.—E.P.H.

[N.B.—Paras. 205—239, printed on tinted paper are ALL NEW MATTER, 1909.]

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(NEW MATTER, 1905.)

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(END OF 1905 PAMPHLET.)

[OVER.]

## (NEW MATTER, 1906.)

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(END OF 1909 PAMPHLET.)

## THE NORWICH UNION LIFE OFFICE.

This is one of the most progressive Offices in the Kingdom, and at present bonus rates first class in certain circumstances. For such cases I am prepared cordially to recommend the Norwich Union; and I am insured in it myself. The Norwich Union would, however, itself be the first to acknowledge that it is not to be compared with certain other Offices for various other cases, and as I have reason to believe that this Office is being pushed by agents *in India* in cases for which it is absolutely unsuitable—cases in which the persons urged to insure in it would be most severe losers by comparison with the result of insuring elsewhere—I warn every Anglo-Indian reader of this Pamphlet, and I beg every such reader hereof to warn his friends, that it is unwise to insure in the Norwich Union in any particular instance without first submitting the details of the matter to me for criticism.

A recent advertisement of mine urging the Anglo-Indian public to pause before taking out a child's Endowment on the terms offered by a postcard advertisement of the Standard Office (on the simple ground that I am able to get Anglo-Indians vastly better terms on identical conditions elsewhere) was foolishly misread by the Manager of one Newspaper as suggesting that the Office which circulated that postcard was guilty of "underhand methods." My advertisement suggested nothing of the kind, but merely alleged what is a plain and simple fact, that the terms offered in the postcard are not nearly as good as are available elsewhere. In like manner, I wish it to be distinctly understood that this Note makes not the slightest imputation on the integrity or excellence of the Norwich Union Life Office, but merely states a plain fact, namely, that for most Anglo-Indian cases the result of insuring in the Norwich Union stands, at present bonus rates, to be far inferior to the result of insuring on identical terms elsewhere; and that the wise Anglo-Indian will profit by my warning to the extent of ascertaining what I have to say before he insures in the Norwich Union, or in any other Office under the sun.

E.P.H. 15/4/'08.

Since writing the above Note I have received a copy stated to be exact of a memorandum alleged to have been sent, *unsolicited*, by an official of the Punjab Banking Company, Limited, Quetta Branch, to a constituent, containing a daring falsehood regarding one of the finest Offices in the Kingdom, written in order to disparage it in comparison with the Norwich Union. I challenge the Punjab Banking Company, or the said official thereof, to proceed against me, civilly or criminally, for libel in making the above statement. The memorandum in question is, moreover, essentially misleading in another vital respect and worthy of an Insurance agent from beginning to end. E.P.H. 2/5/'08.

## THE STANDARD LIFE OFFICE.

[See Table on following page xvii.]

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I have decided to omit the Tables I. and II. printed in my 1906 pamphlet and comparing the Standard Life Office with another British Life Office. My reasons are two in number. First, since the Standard Life Office has failed to declare any bonus at all in respect of its last quinquennium, and since I, at least, consider its existing basis of valuation to be still "somewhat out of date," I think it is preferable to illustrate the great disparity of the Insurance Offices by selecting another Office, namely, The Royal Insurance Company, **quoting the new Indian premium rates of the Royal Office, as recently reduced**, published in its Indian prospectus dated 1st September, 1906. Secondly, I should in any case choose another Office than the Standard, if only because it has recently been my painful duty to call upon the Standard Office on behalf of the holder of a policy for Rs. 60,000, taken out in 1902, to refund to that policy-holder every rupee of his premiums plus 4 per cent. compound interest, and the Standard Life Office has seen fit to comply with my demand in full, refunding the sum of 32,456 rupees 12 annas to the policy-holder after receipt of intimation to the effect that if it refused to do so the case would be put into Court forthwith.—E. P. H., 4/5/07.\*

\* This case had nothing to do with the failure to declare a bonus. See para. 190. E.P.H., 15/4/08.

### THREE SIGNIFICANT TABLES.

TABLE I.

I.—TABLE CONTRASTING THE RESULT AT AGE 65 (PROBABLE DATE OF DEATH) OF A WHOLE-LIFE WITH-PROFITS POLICY COSTING £50 PER ANNUM, TAKEN OUT BY A EUROPEAN CIVILIAN RESIDENT OF INDIA AT AGE 30 NEXT BIRTHDAY, IN THE ROYAL INSURANCE OFFICE AND IN THREE OTHER BRITISH LIFE OFFICES RESPECTIVELY. ALL PREMIUMS QUOTED, AND ALL BONUSES COMPUTED, AT THE RATES LAST QUOTED AND DECLARED BY EACH OF THOSE OFFICES RESPECTIVELY. SHILLINGS OMITTED IN COLUMNS 5—8. THIS TABLE IS NEW, DATED 1907.

I. No.	2. Particulars,	3. Sum insured from outset.	4. Annual cost of Policy.	5. Total cost of Policy to death.	6. Total bonuses to death.	7. Value of Policy at death.	8. Nett superiority of other Policies over Royal one.	9. Deduct from cost £11 14s. 7d. for each year spent in Europe.
xvii.	Royal Office ...	1538	50 0 0	1800	830	2368	...	
II.	Office A.....	1487	50 0 0	1800	1223	2710	342	Deduct from cost £11 14s. 6d. for each year spent in Europe.
III.	Office B.....	1818	50 0 0	1800	1216	3034	666	
IV.	Office C.....	1794	50 0 0	1800	1619	3413	1045	

NOTE.—Let it be clearly understood that the Indian resident who selects the Royal Office in preference to Office C (1) throws away £256 of Insurance from the outset, and (2) stands to lose (at present bonus rates of both Offices) £1045 at death.

TABLE II.

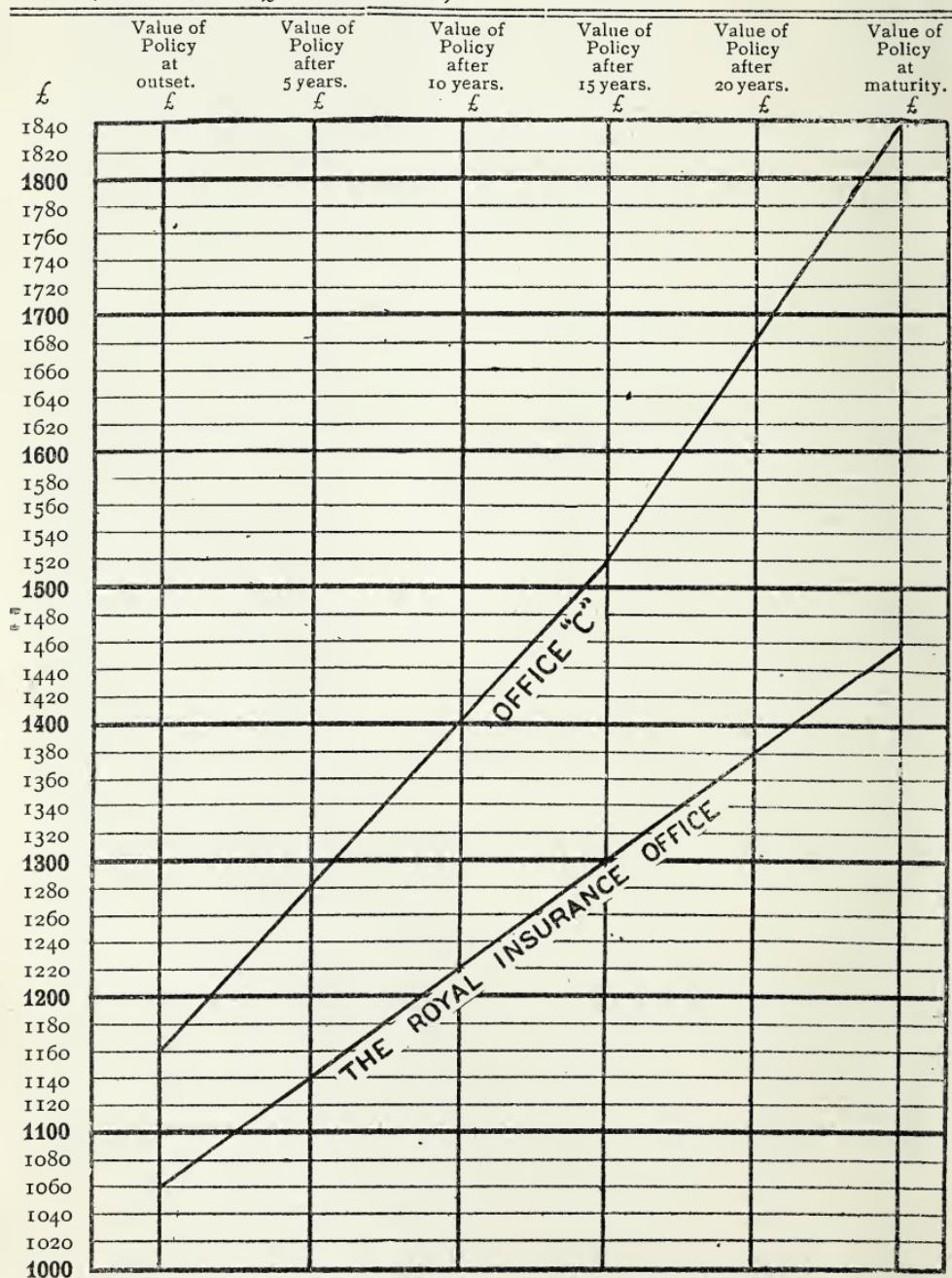
II.—TABLE CONTRASTING A WITH-PROFITS ENDOWMENT INSURANCE COSTING £50 PER ANNUM AND FOR A TERM OF 25 YEARS, SECURED AT AGE 30 NEXT BIRTHDAY BY A EUROPEAN CIVILIAN RESIDENT OF INDIA AND MATURING AT AGE 55, OR AT DEATH, IF EARLIER, IN THE ROYAL INSURANCE COMPANY AND IN THREE OTHER BRITISH LIFE OFFICES RESPECTIVELY. ALL PREMIUMS QUOTED, AND ALL BONUSES COMPUTED, AT THE RATES LAST QUOTED AND DECLARED BY EACH OF THOSE OFFICES RESPECTIVELY. SHILLINGS OMITTED IN COLUMNS 5-8. THIS TABLE IS NEW, DATED 1907.

No.	Particulars.	2	3	4	5	6	7	8	9
		Sum insured from outset.	Annual cost of Policy.	Total cost of Policy to maturity	Total bonuses to maturity of Policy.	Value of Policy at maturity	Nett superiority over Royal Policy at maturity.		
xviii.	I. Royal Office ...	1069	50 0 0	1250	400	1469			Deduct from cost £6 17s. 3d. for each year spent in Europe
II.	Office A. ....	1081	50 0 0	1250	561	1642	173		Deduct from cost £5 19s. rod. for each year spent in Europe
III.	Office B. ....	1126	50 0 0	1250	563	1689	220		
IV.	Office C. ....	1171	50 0 0	1250	672	1843	374		

NOTE.—Let it be clearly understood that the Indian resident who selects the Royal Office in preference to Office C (1) throws away £102 of insurance from the outset, and (2) stands to lose (at present bonus rates of both Offices) £374 at maturity. This case is shown in Chart form on next page.

TABLE II., (ILLUSTRATED).

TABLE SHOWING IN CHART FORM THE FIGURES EMBODIED IN TABLE II. AS BETWEEN THE ROYAL INSURANCE COMPANY AND OFFICE C., i.e., A WITH-PROFIT ENDOWMENT INSURANCE COSTING £50 A YEAR AND FOR A TERM OF 25 YEARS, SECURED AT AGE 30 NEXT BIRTHDAY BY A EUROPEAN CIVILIAN RESIDENT OF INDIA AND MATURING AT 55, OR AT DEATH, IF EARLIER. (FRACTIONS OF £20 NEGLECTED.)



N.B.—See note at foot of Table II., and the notes in column 9 of the same.

TABLE III.

TABLE CONTRASTING THE COST AND RESULT AT AGE 65 (PROBABLE DATE OF DEATH) OF A WHOLE-LIFE WITH-PROFITS POLICY FOR £1000, TAKEN OUT BY A EUROPEAN CIVILIAN RESIDENT OF INDIA AT AGE 30 NEXT BIRTHDAY, IN ONE FIRST-CLASS OFFICE, AND IN VARIOUS OTHER OFFICES BELIEVED TO HAVE AGENCIES OR BRANCHES IN INDIA RESPECTIVELY. SHILLINGS OMITTED IN COLS. 4—7.

No. of Office	2	3	4	5	6	7	
	Sum in- sured	Annual cost of Policy.	Total cost in 35 years.	Total bonus earned (at present rates).	Total value of Policy at age 65.	Nett in- feriority of each Office to No. 1	
	£	£	£	£	£	£	
1	1000	27 17 6	975	888	1888	...	
2	"	33 12 6	1176	798	1798	291	
3	"	37 6 8	1106	700	1700	319	
4	"	34 12 5	1211	788	1788	336	
5	"	34 15 0	966	525	1525	354	
5	"	34 10 0	1007	542	1542	378	
7	"	34 7 6	953	481	1481	385	
8	"	32 2 6	1124	605	1605	432	
9	"	34 7 6	1203	659	1659	457	
10	"	34 8 4	1204	612	1612	505	
11	"	34 12 6	1211	612	1612	512	
12	"	33 8 4	1169	556	1556	526	
13	"	34 17 6	1220	605	1605	528	
14	"	34 7 6	953	322	1322	544	
15	"	33 9 2	1171	535	1535	549	
16	"	33 13 4	1178	525	1525	566	
17	"	34 17 6	1220	554	1554	579	
18	"	32 1 3	1122	437	1437	598	
19	"	32 5 0	1128	425	1425	616	
20	"	32 14 2	1144	437	1437	620	
21	"	33 11 3	1174	437	1437	650	
22	"	36 0 0	1260	510	1510	663	
23	"	34 14 2	1214	410	1410	717	
24	"	33 8 3	1169	350	1350	732	
25	"	34 7 6	1203	350	1350	766	
26	"	27 16 8	974	90	1090	797	
27	"	34 12 6	1211	229	1229	895	
28	"	33 5 10	1165	173	1173	905	

NOTES 1. Due allowance is made in col. 4 where the Indian "extra" is known to be restricted in duration.

2. A further deduction of about £10 per annum should be made from the cost, for each year spent in Europe, except in the case of Office No. 1.

3. This last Table No. III, is slightly out of date now.—E.P.H., 4/5/07.

**PART II.****INTRODUCTORY AND PERSONAL.****THE CONDITIONS ON WHICH I ADVISE.**

[N.B.—To these conditions only 11 persons have written objecting, out of more than 8,000 correspondents.—E. P. H., 25/5/09.]

1. The conditions on which my advice on Insurance is given can be summed up thus :—

(1) I agree and bind myself on my honour to in no circumstances accept any commission or other benefit whatever from any Life Office in excess of the normal scale of commission in general use amongst the first-class commission-paying Offices.

(2) I undertake on my honour that I have accepted, and will accept, no agency of any Life Office whatever, and that I am and will remain entirely dissociated from every Life Office.

(3) I undertake on my honour to keep my correspondents' communications strictly confidential in every respect.

(4) No person consulting me is anywise bound to act on my advice.

(5) No fees shall be payable to me by those consulting me in any event whatever.

(6) Those consulting me undertake on their honour

(a) to keep my communications and advice strictly confidential in every respect :

(b) to put in their proposal through me if based on my advice (whether as to selection of Office or of Policy, or of both)\* : and

(c) that they will not, after hearing from me, give any Office in which they are already insured, or from which they have got a definite quotation for a (new) Policy, an opportunity of quoting better terms, thereafter dropping me and my suggestions.\*

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\* See paras. 125, 159, and 206.

I am obliged to add condition (c) in order to prevent the use of information received from me as a lever wherewith to extract better terms elsewhere,—a practice which I at any rate consider unjust to me.\*

2. It seems strangely difficult to make certain facts understood by all. In the first place, I have repeated over and over again that I do not act out of mere philanthropy, but receive commission on the scale in general use by first class commission-paying Offices, allowed to members of the legal profession for the introduction of business. Again, quite a number of officers have failed to perceive that in no event is any fee payable to me for my advice, and have written and asked me how much they owed me! For the future it should be distinctly understood that I am owed nothing, whether my advice be acted on or not.

#### THE PROMISE TO KEEP MY COMMUNICATIONS AND ADVICE CONFIDENTIAL. †

3. My advice is freely open to all who may consult me without any charge in any event whatever. The least that those who obtain it on these terms can do is to keep it to themselves, instead of disclosing the result of much work to others who do not see fit to obtain it on my terms. Persons who communicate my recommendations to others also forget that it by no means follows that what is best in one case is also best in another case, although that case be similar in many respects. Even an alteration of the duration of the proposed insurance may put what previously was the best Office quite into the background.

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\* A request for advice as to an intended Insurance might run as below.  
Forms of enquiry as to existing Policies are bound in at the end of the pamphlet :—

" Dear Sir,

I shall be glad of your advice on the conditions stated in para. 1 of your 1909 Pamphlet on Insurance, to which I agree. I undertake in particular to keep your reply confidential. I wish to invest £.....annually [for life, or during.....years] in a Policy on my life. My object is [state whether as a provision to come in at death or as an investment or otherwise]. I shall be.....years of age on the.....day of.....next. My health is [describe it]. The average longevity of my family is about.....years.

Yours faithfully,

To E. Piercy Henderson, Esq., I.C.S. (retd.),  
42 Leinster Gardens,  
London, W.

† See also paras. 85-6, 91, and 124-130.

4. My stipulation for the non-disclosure of my communications has been described a "pledge of secrecy," and has been maliciously misrepresented as being designed to prevent my correspondents from independently verifying my assertions. This suggestion is baseless, as the persons who made it must know very well. Every fact which I assert can be tested by independent enquiry without any breach of confidence towards me. In making such enquiries there is no necessity to disclose the source of the information in question: it is easy to write to an Office and to ask whether a certain fact which concerns it is correct or incorrect, and, if it be incorrect, to request that the Office will furnish proof on the point. My correspondent can then call upon me to own my mistake or to substantiate my assertion. I heartily welcome prudent verification of this kind. We are all liable to make mistakes, and if in any instance I do injustice to an Office on any point it is a service to me to make me aware of the fact.

5. (*new*). I hope my readers will pardon my impressing on them that **the fundamental condition on which my advice is given is that it will not be passed on to other people**. It must be clear to my readers that those who do not see fit to ask for my advice on my conditions have no right to it, and that it is not fair to me to put at the disposal of such persons information which has cost me much hard work, and which I believe to be of value. Of course, if my correspondents feel justified in telling other people that they have received advice from me worth having, and in assuring them that it is also worth their while to apply to me, they will greatly oblige me, and I venture to think that they will also do their friends a very good turn. All that I deprecate is the disclosure of my opinion, *whether as to choice of Office or of Policy or otherwise*, to people who do not consult me, and who, if they used it at all, would do so behind my back.

#### THE PROMISE TO ACT THROUGH ME.

6. It must be borne in mind that my advice invariably includes two distinct matters: first, the choice of Office, and secondly, the choice of Policy. Very frequently the latter question is far more

important than the former. The disparity between the best Office and the second best or third best for any particular case is, as a rule, but small. The disparity of result dependent on the choice of Policy is often vastly greater, and thus the benefit gained by my advice is frequently much larger in the matter of Policy than of Office. More than once I have secured for a person already insured in the best Office for his case a superior result by the simple process of closing an unsuitable Policy and taking out a better one in the same Office. Conversely, a person may have chosen the best kind of Policy for his case but he may have taken it out in an unprofitable Office. It ought to be unnecessary to point out that where my advice is accepted and acted on—whether as regards the choice of Office **or of the particular kind of Policy expedient**—the proposal ought, in conformity with my conditions, to be put in through me.

7. I would also deprecate another use of my advice which most people will, I think, agree with me in considering unfair, viz., employing it as a lever wherewith to extract concessions from the Office of which a Policy is already held, thereafter quietly dropping me and my suggestions. If any Policy-holder is discontented with his Policy it is open to him to write to the Office in the first instance and ask it to reduce its charges. If the Office comply and he be content with the concession secured, there will be no need to take up my time with a reference. It does not, however, seem fair to reverse the process; to discover the inferiority of an existing Policy through my labour, and then, instead of securing the profit which I point out, to extort it, or a portion of it, from the Office which granted the Policy. I have had a case in which, after I had shown that the Policy was unduly expensive and could be largely improved upon by being replaced elsewhere, the Office criticised suddenly reduced its Indian "extra" by two-thirds, leaving not much more to be gained by the transfer which I had recommended. I hope, then, that Policy-holders who are not content will see the fairness, if they wish to appeal to their own Office, of doing so in the first instance, and will therefore accept as reasonable the new condition 6 (c), which I have found it necessary to include in para. 1 in order to prevent further misapprehension on this subject.

## ON THE MORALITY OF MY WORK.

8. Just a word on the ethics of my work. My view of the question is very simple. Life Insurance is nothing more or less than a form of investment of one's spare cash. There is no difference in kind between the investment known as an insurance Policy and any other investment offered to the public by any Company, Corporation, Association or individual whatsoever. Can anything be more absurd than to take exception to a person's offering advice upon any list of investments submitted to him for opinion, or for the vendor of the investment to cry out and say that it is not fair to point out to the purchaser how he can make a better use of his money? In exact proportion as an Insurance Office is strong, profitable to its Policy-holders, honest, and confident that it cannot be beaten, it will applaud, not object to, advice of this nature. Only those Offices which know that they cannot stand minute examination and comparative criticism will, in default of an answer on the merits, take refuge in complaints of unfairness, and in falsehood and calumny. The very best proof that my work, if done with reasonable competence and with unflinching honesty, renders a valuable public service, is furnished by the calumny and defamation provoked by it. And if I needed a further corroboration of my opinion I hold it in letters from [over five thousand. E.P.H. 2/4/'06] English gentlemen, not one of whom would have availed himself of my offer of advice if it had seemed to him unfair. It would be difficult to imagine more encouraging expressions than the following,—recently addressed to me by an Indian officer :—

“ May I say in somewhat conversational language that you have done me right well. I am rejoiced that this business, which to tell the truth ever since I started at it on my own account this time last year has been nothing but an infernal worry to me, has now ended so very satisfactorily. I started going round many Offices in the first instance by way of getting at terms, etc., and used to interview local managers on the subject of climatic and military ‘extras,’ and then go home and compare them. One Office told me I was playing it very low down to go about it in this way, so I had to make the obvious retort that if his Office was any good at all it would invite comparison. Then agents flocked round me at home and worried my life out till I was quite glad to throw the business overboard and come

out to India again. Thank goodness I came across your name and 'struck ile.' Don't you think it's the bother and worry of getting the business done that prevents so many men insuring? I am sure that could your existence in the Insurance world be only more widely known in India, it would be a great boon to all the Services. . . . And, finally, may I once more sincerely thank you for all you have done for me in this matter. I only hope I may be successful in inducing other fellows to come to you for advice.\*

#### NO CASE IS TOO SMALL TO DESERVE MY ATTENTION.

9 (*new*). A while ago an officer, in stating his case to me, alluded to it as being "a little matter which scarcely seems worth your attention." I trust that no one will consider his case too small to merit the best advice in my power. Every case is of importance to the man who consults me, and it is always important to me to do my correspondent's business for him to his satisfaction.

#### A WORD OF WARNING.

10 (*new*). It is desirable to write a word of warning as to adverse opinions concerning me and my work, which can easily be obtained by applying in the right quarters for them; e.g., from certain East India Agents. I hold letters expressed in very impertinent language by two of these firms, declaring war on me in uncompromising terms, because, forsooth, I had the audacity to receive commission which otherwise might have gone into the pockets of these firms. Firms which have virtually avowed in letters addressed to myself that they will obstruct my business by every means in their power cannot in the nature of things be relied upon as impartial informants concerning my work.†

\* Another Indian officer recently wrote to me as follows: "It would be a good day for the Indian Services if every member of them put his Insurance arrangements before you for criticism and advice." E.P.H.

† Just ere the proofs of this pamphlet return to the Press, a single Indian mail has brought me letters containing the following passages. Not one of the writers has ever seen me. I think it will be admitted that the expressions used are such as any man might be proud of. I certainly am both proud of and grateful for them.

1. (*A business man*):—"Being a business man and having little time to give to the study of the ins and outs of life insurance, I have been most fortunate in having your invaluable advice to fall back upon, and shall certainly, as opportunity occurs, advise my friends to take advantage of the same means."

2. (*Indian Army*) :—“ With most grateful thanks for your courtesy and advice.”

3. (*I.M.S.*) :—“ I am very much indebted to you for all the trouble you have taken with my policy, and I can assure you I feel much easier in my mind now over my insurance than I did before. I will certainly, when the opportunity offers, advise my friends to consult you on the subject of their insurances. Should I have any money to invest in the future I shall make a point of asking you for your advice before deciding what to do with it.”

4. (*A medical officer*) :—“ I shall certainly keep strictly private the valuable advice you have given me from time to time, but this will not prevent my speaking—in general terms—of the great help your advice is in insurance matters.”

5. (*I.F.S.*) :—“ I am very much indebted to you for all your forethought and trouble in our little transaction, and I can only repeat that I shall not fail to recommend any friend to apply to you, and further that if later I can afford to increase my insurance I shall, as a matter of course, apply first of all to you.”

6. (*A railway officer*) :—“ I cannot—as I think I have already told you—thank you enough for giving me the assistance you have, and I am certain if it was not for you that I would never have been insured. I have recommended you to Mr. \_\_\_\_\_ as he and I are intimate friends, but I only hope I can get the chance of recommending you to other young fellows. I told a fellow the other day, when he was considering the subject, to refer the matter to you, and added that it was a tip, the chance of which he might never get again in his lifetime. In conclusion, I can only say that I intend to tell everyone of your whereabouts who intend to get insured, and may you live for many years for the good work that you are doing for India.”

7. (*R.F.A.*) :—“ You may be sure a good word would always be said by me on your good work out of gratitude to you; and I may mention that I have already induced several officers to consult you with the result that they feel that they have benefited by acting on your advice.”

I have also received letters from home correspondents this week containing the following passages :—

8. (*A clergyman*) :—“ If I had another brother I should certainly put him on to you, and I shall be only too glad to mention you to any of my friends.”

9. (*I.M.S.*) :—“ I am indeed indebted to you for the time and care with which you went into my case, and I hope that I shall at some future time have an opportunity of reporting to you the actual benefits of the transfer. I am sure that I cannot do a greater service to any of my friends, who are thinking of insuring their lives, than to advise them to seek your advice.”

E.P.H.

## EXTRACTS FROM CORRESPONDENCE.

(REPRINTED.)

I have considered the question of making a series of quotations from letters which I have had the honour to receive. On the whole it seems hardly necessary to cite many. A few words from men in the various public Services and Professions will amply suffice. I trust that none of them will object to my making this use of their words, without, of course, the smallest clue to their identity. I think I am, perhaps, more proud of the following letter, from a member of the Public Works Department, than of any other which has reached me. The officer in question had been absolutely rejected by another office, and I succeeded in getting him accepted for a very suitable policy at ordinary rates.

" Dear Sir,—I must write to give you my very best thanks for piloting me so safely and satisfactorily through this Insurance business. I must confess that I had almost given up hopes of being able to effect an insurance, and I caught at your advertisement rather as a forlorn hope. You have secured for me terms which I should never have dared to hope for; besides which, as you will readily understand, the power of being able to effect a satisfactory insurance makes a considerable difference in a man's private happiness. And so I hope you will accept my very warmest thanks for all your trouble, skill, and care in the matter, and you may rest well assured that all that is in my power to do towards making your name and system known in India will be done. I have already spoken to several men about it and advised them strongly to write to you."

*Another Officer, in the Royal Engineers, writes as follows:—*" Dear Sir,—I hardly know how to thank you for the very useful information you have given me regarding my Policies in the . . . Life Office . . . I fear I cannot exchange into the . . . Office at present, as I certainly intend to do if I return to India within any reasonable time. I thank you once more for your kindness, and believe me, dear sir, yours gratefully."

*Another Military Officer of the Staff Corps writes thus:—*" Very many thanks for all the help and advice you have given me. . . . I will do my little best to forward your interests: of that rest assured."

*A Member of my own Service writes thus:—*" I am sure you are doing a public service, as I fancy few men understand much about this kind of thing. With many thanks for your kind advice."

*A Member of the Telegraph Department writes:—*" I am very much obliged to you for the advice you have given me. I am sure it is sound. I should certainly suggest to anyone in doubt as to insurance to consult you."

*A Police Officer writes thus:—*" In conclusion let me thank you for the great trouble which I see you have given to my case. You may be sure that so far as lies in me I shall help you. I think everyone should do so, because there is no doubt we poor Anglo-Indians are shamefully victimised. I wish I had known as much about Insurance five years ago as I do now you have opened my eyes. And I wish this crusade of yours all possible success."

*A Deputy Commissioner writes thus:—*" Please accept my grateful acknowledgments for the labour and close attention you have given to my case. I am quite sure I could not have been better or more ably advised by anyone else."

*A Major in a British Regiment writes thus:—*" I have to thank you for your courteous and explanatory letter on the subject of Insurance. Nothing could be more convincing of the advantages to be gained by consulting expert opinion."

*An Officer in the P.W.D. writes:—*" I have endeavoured to persuade a young Civil Servant who is living with me to write for your advice. But he pins his faith to the . . . and prefers paying large premiums—which is his idea of the stability and respectability of the concern. Even to me it is evident he is being robbed."

*A retired Insurance Official, of 40 years' standing, writes:—*" Mr. Henderson certainly appears to be master of his subject . . . He seems to know thoroughly well what he is writing about, which gives me confidence in the soundness of his advice."

*Another Deputy Commissioner writes thus:—*" I am most grateful to you for all the trouble you have taken on my behalf. Left to myself I am sure I should have made a muddle of it. I shall, of course, be delighted to recommend you to my friends, and I trust that your success will continue."

*A well-known Barrister writes thus:—*" I need hardly say that I have the utmost confidence in any opinion you may give." And again: " Very many

thanks for your letter of advice on my Policies and for the great trouble you have taken in this matter on my account. Believe me, I feel deeply indebted to you."

*Another Barrister writes thus :—*" Thank you very much for all the trouble you have taken, and the very clear way you have put everything." And again: " Thank you very much for the extremely full and interesting comparative table." And again: " Let me thank you once more for the minute care and attention you have given me."

*A District Judge writes thus :—*" Many thanks for your valuable advice, which I have gladly accepted."

*A Military Officer writes thus :—*" I am very much obliged to you for all the interest and trouble you have taken over my Policy, and I was delighted to find that I was accepted at normal rates. It makes one realise how blindly the majority of people enter into such contracts. . . . I have told several men of the great advantage to be gained by taking your advice, and recently sent your pamphlet to Major . . . You may be sure that after the very material improvement you have enabled me to make in my insurance, I shall not lose an opportunity of mentioning my own experience to others."

*A Royal Engineer writes thus :—*" I came up here some days ago, and the first thing I have done is to tackle your papers. They require some study to understand thoroughly, although I confess nothing could be put more plainly than your examples and your recommendations. Needless to say, I am only too glad to follow your advice, as I think anyone would in the circumstances, for it appears to be absolutely sound."

*A Clergyman writes :—*" Many thanks for your kind letter. Unlike you, I am not surprised to hear that your business has been so prosperous during the past six months, and I feel sure that the more your mastery of the Insurance problem is known, the more your business will increase. Should I ever be able to increase the amount of my insurance, which I hope to do in three or four years, I shall certainly avail myself of your advice."

*Another Officer in the P.W.D., who has himself made a considerable study of the question of Insurance, was good enough to consult me. He then wrote as follows :—*" After reading your letter . . . I am very pleased indeed that I consulted you. In the future, instead of giving advice to others, I will refer them to you."

*Another Officer in the P.W.D., of considerable standing, writes thus :—*" I have lost no opportunity of recommending my friends to consult you, and I find very many of them have already done so. All are unanimous as to the value of your advice and the trouble you take."

*An Officer in the Accounts Department, whose opinion on such a subject ought to be of special value, writes :—*" Thanks for the note on your work; it is a splendid record. I, for one, have reason to be grateful for your help, and shall with pleasure mention your good work when I can. I am glad you know my brother; I am writing him and hope he will consult you."

*A retired Indian Officer writes thus :—*" I have come to the conclusion that your pamphlet contains such a quantity of valuable information that I am most desirous to let my sons and other members of my family see for themselves the advantage of acting on the advice given therein."

Further expressions of opinion need hardly be quoted.

## PART III.

### NOTES OF A LECTURE DELIVERED AT COOPER'S HILL ROYAL INDIAN ENGINEERING COLLEGE ON 4th JULY, 1903.

11. [Omitted.]

#### NATURAL DIVISIONS OF THE SUBJECT.

12. Our subject divides itself naturally as follows. First of all, why should people insure at all? Is Insurance of real value, and if so, for what purpose or purposes? Secondly, assuming it to be proved that Insurance is expedient, is it wise for ordinary persons to attempt to select their own Life Insurance Office and to secure their own Policy or Policies, or are there good and sufficient reasons for obtaining competent and honest expert advice rather than attempting to decide for oneself these matters, in ignorance of a subject which is not only technical but is also overlaid with a shameful amount of wilful dishonesty? Thirdly, assuming that the need for a sound and trustworthy adviser is recognised, how should such an adviser be selected?

#### I. THE VALUE OF INSURANCE (*a*) AS A PROVISION, (*b*) AS AN INVESTMENT.

13. First, then, let us see why any man should insure at all. Besides many other uses, Insurance is valuable for two distinct purposes: either in order to effect a provision for the benefit of others, or as furnishing a desirable investment for savings to be used in one's old age. (*a*) *As a provision.* As regards provision, the overwhelming advantage of Life Insurance over ordinary investments consists in the fact that, by means of relatively trifling payments to be made at periodical intervals, one can secure from the outset a large provision such as could not have

been approached in amount by private savings steadily effected throughout a long term of years.\* The man who insures his life at, say, age 25, can convert by a stroke of the pen a payment of £22 10s. into a provision of £1000, payable in full to his heirs even if his death occur on the very day on which his Policy is taken out. Those who are responsible for others not otherwise provided for owe a solemn duty to those persons to effect a provision by means of Insurance. This duty cannot be better expressed than has been done in the following well-known passage :—

“ Is it an obligation on the part of a husband and father to provide daily bread for his wife and children during his life? Then it is equally an obligation on his part to provide means for their adequate support in event of his death. The duty is so obvious, the means of performing it are so simple, and are so easily placed within the reach of all men—the arrangement is so eminently practical, rational, benevolent and just—it is, moreover, so calculated to increase every wise and prudent man’s sense of self-respect, and to encourage him in the performance of all proper social duties, that we cannot conceive of any possible objection that can be urged against it; and it is only to be regretted that the practice is not far more general and customary than it is amongst all classes of the community.”

Not even the plea of poverty can excuse from this duty. This point was admirably met some 60 years ago by a writer in “Chambers’ Journal,” in the following passage :—

“ It may be felt by many that, admitting this duty in full, income is nevertheless insufficient to enable them to spare even the small sum necessary as an annual premium for life assurance. The necessities of the present are in their case so great, that they do not see how they can afford it. We believe there can be no obstacle which is apt to appear more real than this, where an income is at all limited; and yet it is easy to show that no obstacle could be more ideal. It will readily be acknowledged by everybody who has an income at all, that there must be some who have smaller incomes. Say, for instance, that any man has an income of £400 per annum: he cannot doubt that there are some who only have £350. Now, if these persons live on £350, why may he not do so too, sparing the odd £50 as a deposit for life assurance? In like manner, he who has £200

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\* This fact shows the unwisdom of investing *all* that one can afford to spare in a Provident Fund. Indeed, considering the excessively heavy climatic and other risks run in India *during the early years* of service, I question whether it is not sound policy to cram every spare shilling into Insurance at first, and then to devote increasing pay to profitable investments such as these funds later on. E.P.H.

may live as men do who have only £175, and devote the remaining £25 to have a sum assured upon his life; and so on. It may require an effort to accomplish this; but is not the object worthy of an effort? And can any man be held as honest, or in any way good, who will not make such an effort, rather than be always liable to the risk of leaving in beggary the beings whom he most cherishes on earth, and for whose support he alone is responsible?"

Nor can even bachelors prudently ignore the provision aspect of Insurance on the ground that they are as yet unattached. I would submit that every young fellow, justified in contemplating marriage as a possibility, will be the better for viewing it in that light, and for exercising some small degree of self-denial for the benefit of his future wife and children, even although he may have no immediate intention of getting married.

14. (b) *As an Investment.* Turning to Insurance as an Investment, it is desirable on several distinct grounds.

15. *Safety of capital and assured return.* First, a well placed Insurance policy is one of the safest of all investments. It has long been recognised as practically an axiom that the vast majority of British Life Offices are perfectly certain to carry out their contracts; that is to say, to pay in the manner and at the time agreed upon the sums categorically promised by their Policies. No Office guarantees its future rate of profits, and therefore it must be distinctly understood that, except in those cases where a definite and plainly stated increase is promised at a definite time—such an increase not being correctly described as a bonus at all—**bonuses are never guaranteed in amount.** But there is no reason why Insurance Offices should not be as successful in the future as they have been in the past. It was well remarked the other day by a recognised authority on Insurance matters, Mr. William Schooling, that the good offices tend to grow better and the bad Offices tend to grow worse, a view in which I entirely concur.

16. *Insurance as an agreeable speculation.* Next, an Insurance Policy includes an agreeable element of speculation, in that its result, if death happen to occur prematurely, will far excel the profit derivable even from well chosen private investments of any

ordinary kind. Now, no man has a certainty of long life, and thus it is obviously wise and prudent to give insurance a place in one's scheme of investments, in order to "hedge" oneself against the contingency of early death.

17. *Conducive to saving by mild compulsion.* Next, an Insurance Policy not only provides a safe destination for one's savings when effected, but also conduces to the habit of saving. The mere fact of the difficulty and trouble involved in finding good and satisfactory investments for one's savings, when made, may deter many a man from taking the trouble to save anything at all. On the contrary, when he has once insured his life, he is not only released from all anxiety as to finding a destination for his savings, but he is moreover put under a mild compulsion to save the necessary premiums. Many a man has written to me and has told me that if it had not been for the duty which he had imposed on himself to pay a given amount as a premium every year he never would have saved anything at all. One of my numerous correspondents once sagely remarked to me that when you have committed yourself to an annual premium, and have arranged with your bankers to pay it for you yearly, or half-yearly, or quarterly, at the due dates, you cease to bother your head about it,—you regard your income as simply reduced by its amount,—and you never feel the strain of making the payment. As the laird said about his trees, your savings "are aye growin' while you are sleepin'."

18. *Insurance as a reserve for emergencies.* Again, an Insurance Policy always constitutes a reserve, against which, after a brief period, one can draw in time of need. Thus, in a good Office an Insurance Policy has a surrender-value in hard cash, when once you have paid your third premium, of a whole year's premium. To the extent of the existing surrender-value, or very near it, you can always borrow on favourable terms on the mere security of your Policy. Thus, if at any time one has to suddenly run home on leave from India, or has to temporarily suspend professional work at home, one can use one's life Policy as a security on which to raise money economically.

19. *Tendency to attract further savings.* There are other advantages from the Insurance standpoint, but some of them

are under the surface. I think that one of the latter consists in the fact that, just as in the physical world every object tends to attract other objects, so an Insurance Policy forms a nucleus which encourages the holder to make additions to it, and thus provides a direct incentive towards saving. I know, too, that many a good young fellow is induced to insure by the praiseworthy desire to make certain of leaving behind him, in case of early death, enough to pay his outstanding debts, if any, and so to prevent his affairs from becoming a burden to his relations. All these things are good in themselves, while, on the other hand, I know not a single objection to insuring one's life in a prudent manner.

20. [Omitted.]

21. One more point. Many people have the idea that it is useless to insure one's life unless one can do so for at least £1,000. That is a great mistake. We all know that half a loaf is better than no bread, and even £100 would be by no means unwelcome at the date of one's retirement, while the annual cost of it would be quite unfelt even by the possessor of a very moderate income. No one should despise small beginnings in the right direction on any subject whatever. I am certain that not one of you would be incommoded from the very outset of your official career by devoting a £5 note per annum to Insurance. Well, if you applied it to a Policy which I could name, payable in cash after 30 years, or at death if earlier, it would secure you one for more than £100, with profits, and if bonus rates now in force be maintained until the maturity of that Policy, its value on its own 30th anniversary would exceed £270. If you reflect on the practical impossibility of investing, except at miserable interest in the Government Savings Bank, so small a sum annually as £5, and the high improbability of your systematically making that investment year by year, you will realise the great utility of such an Insurance Policy, not only in the excellent return for your money which it would secure at maturity, but also in the systematisation of saving which it alone could accomplish for you.

22. These are some of the reasons, although not all, why every man's scheme of investments should include life Insurance,

whether he be rich or poor. No man is certain of long life. For those who live to old age, conceivably the return from well placed private investments would surpass that obtainable from life Insurance, although on the other hand private investments are liable to risks from which life Insurance is exempt. As Professor de Morgan has well observed, "Trade and speculation might have realised greater profits : trade and speculation might have realised ruin." But in case of early death it is obvious that the return from life Insurance is incomparably better than that from private investment. Thus, each man's scheme should provide for both contingencies, part of his savings being devoted to investments which he believes will pay better if he live long, and part being devoted to life Insurance, which will give a colossal return in case of early death, and a thoroughly reliable, if moderate, return in case of long life.\*

23. I hope, then, that you will agree with me thus far in holding that life Insurance in moderation, within one's means, and not taken out to a burdensome extent unduly straining one's resources, is a positive duty where one is responsible for the future of others who are not otherwise provided for, and ought also to find a place in every man's scheme of investments, both on account of the intrinsic merits of a good Insurance Policy, even at maturity, and also by reason of the tremendous profits derivable therefrom in case of premature death.

## II. WHY A SOUND AND HONEST ADVISER IS NECESSARY.

24. I will now endeavour to explain briefly to you the grounds on which I unhesitatingly assert that it is shortsighted and unwise for any ordinary person to attempt to do his own Insurance business. The subject is highly technical, and moreover it is beset with dishonesty in the shape of interested statements by Insurance agents and other persons connected with particular Offices, each of whom has his own axe to grind. The inherent difficulties of the matter may be dealt with under various heads,

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\* Thus, for example, where the Indian Government makes it obligatory to pay 5% of salary to a Provident Fund and permits the payment of another 5%, it is wiser as a rule to devote the optional 5% to life Insurance—thus hedging against both events. E.P.H. This view is rapidly gaining ground in India now. E.P.H. 25/5/09.

such as the choice of Office: of Policy: of duration and commencement of Policy: of conditions of Policy: and so on; and I venture to say that it is a practical impossibility for the general public to effectively examine these matters for themselves.

### (I). THE CHOICE OF OFFICE.

25. *First of all, as to the choice of Office.* This matter may be subdivided into a number of minor heads, relating chiefly to the existing stability of the Office, to its future prospects, and to its honesty. Now, a right decision of these questions depends on a multiplicity of factors, information concerning which is to a large extent inaccessible to the general public.

#### (a) STABILITY.

26. Take the question of stability, for example. How many men in a thousand, selected at random from amongst the ordinary public, have any idea what is meant by the expression "basis of valuation"? Of those few who understand the meaning of the term how many have any means of ascertaining as to any particular Office what its basis of valuation really is? Yet in the absence of accurate knowledge on these heads it is a physical impossibility to safely weigh the relative merits of any two Insurance Offices. But assuming that any given Office which is pressed upon one uses a stringent and reliable basis of valuation, that fact by no means exhausts the question of its stability. Extravagance of management may make ducks and drakes of a splendid income, while wise and economical administration may give a better result out of less promising materials. Then, again, it is profoundly important to know what any given Office does with its funds for investment. Foolish investment may take many forms. If, for example, we find that an Office has "put all its eggs into one basket,"—say, for instance, that it has put millions of money into a single Dependency which might be torn away from the Empire at any time,\*—or has put an unwise proportion of its money into one and the same class of gilt-edged

\* Insurance is essentially a *hedge*; an Anglo-Indian in search of an Insurance Office should therefore choose, above all, an Office which, while otherwise first-rate, *has nothing appreciable staked on India*. It may not be generally known that some of the very best English Offices will readily arrange for medical examination on the spot, so that there is no difficulty whatever in negotiating a Policy while in India and without coming home. E.P.H. How recent events confirm these long since expressed views of mine! E.P.H.  
25/5/'09.

securities instead of judiciously spreading its holdings over various distinct classes, some of which are likely to rise in circumstances tending to cause others to fall,—or if, again, an Office holds to a large extent investments which have given a splendid return in their day, such as Indian Railways, but which have changed substantially for the worse in value,—the mere fact that such an Office employs a stringent basis of valuation does not suffice to make that Office sound and stable. Then, again, the mere employment of a stringent Table of mortality (in which the Office takes a pessimistic view as to the duration of life of its Policy-holders, and therefore calculates its reserves on a high basis adapted to the expectation of life thus formed) does not by itself suffice to prove that the position of the Office is sound. That position depends not only on the length of time during which, according to the Table of mortality in use, the insured lives ought to last in theory, but also depends, and depends vitally, on the question whether, in practice, the insured lives have been selected with care and caution. What is the use of an Office laying down that a man of 30 years of age, when insuring with it, may be expected to live as long as the most stringent of all mortality Tables allows him, if he is admitted as a Policy-holder without a careful medical examination of his individual health and family history? Of course it would be quite practicable to work an insurance business without any medical examination whatever, admitting the public at large whether their lives were good, bad, or indifferent, provided that it were possible to prevent the bad lives from insuring for the largest amounts. But on such a system it is obvious that the good lives must necessarily pay for the bad ones. Thus, it becomes most important to investigate the actual mortality experience of any given Office in comparison with the mortality expected by it in theory; and there is no subject on which greater clap-trap is talked in annual reports and prospectuses than this. Let me give on this particular point a simple illustration. Suppose that a regiment is to be formed, and that rules are adopted as a guide to the distances which the men of that regiment may be relied upon to be able to march. These rules establish by much experience that men of a given age, physique, and training, will, as a class, successfully march a given distance in a given time. What prospect would that regiment

have in time of need of accomplishing such a march if in practice the essential conditions of the prescribed rules had been utterly neglected, and a lot of weedy starvelings composed its ranks? The mortality Tables may be excellent, but unless the lives are carefully selected with stringent medical tests the expectations founded on these mortality Tables are doomed to disappointment. Now, I ask you, what possible hope is there of any ordinary person's getting to the bottom of considerations such as the above, and, unless he has done so, how can he form a sound conception of the stability of the particular Office which has been recommended to him? As another important element of stability, apart from the probable duration of the premium payments contracted for (which in the case of whole-life Policies obviously depends on the tests prescribed and on the degree of care with which the lives are selected), we have to see what rate of interest the Office assumes that it will always earn upon its invested funds. It is evident that the lower the assumed rate be, the larger must be the proportion of the premiums and of their proceeds in interest kept in reserve against the day when the Policy-money will have to be paid. Again, the proportion of the premiums which an Office sets apart to cover expenses and so on is an important element in stability. In a word, the Office which is the most cautious and conservative, and takes the gloomiest view of its prospects of income, from whatever source arising, and therefore sets apart the strongest proportional reserves against its future liabilities will, other things being equal, be the soundest. Again, from the Policy-holder's point of view, it is important to know whether a given Office affords any additional security in the shape of shareholders' liability, and also to examine the character and extent of its various sources of income. How is it possible for any private individual to effectively investigate such matters?

#### (b) FUTURE PROSPECTS.

27. But there is a great deal more to look into besides the past history and existing position of an Office. What concerns an intending insurer is not to discover or to be told what it has done in the past, and what its position in respect of stability has been in the past, but to learn what its existing position is now, and what

its prospects are for the future. His interests are bound up with the future and not with the past. Now, if there is one device which is more commonly practised than any other, it is the device of Offices which are on a pronounced downgrade to industriously thrust before the public "actual results," compiled from their past performances. Further on I will give you a concrete example of the method which I have here condemned, and if that example does not open your eyes nothing ever will. It is in this respect in particular that certain American Offices are offenders. Generation after generation of infuriated policy-holders have assailed them with obloquy for disappointed expectations held out to them at the outset, and on the strength of which alone they insured. Of late years these American Offices have grown more cunning, and now, while putting forward in a conspicuous manner the bonuses which they are at the present time distributing upon Policies which have had the benefit of very high interest-earnings in bygone years at rates of interest which have now disappeared, and low expense-ratios now well-nigh doubled [to say nothing of materially changed conditions of contract, all tending to reduce future bonuses. E.P.H., 2/4/'06] they hedge themselves by warnings in extremely small print, which few people take the trouble to read. I am sorry to say that certain English Offices are now tarred with the same brush. In a certain prospectus, supplied to the public on application, there is not one whisper of warning to the reader not to expect as good results in the future as those set forth in its bonus Tables. On the other hand in a leaflet of the same Office, there is an admission in small print, at the foot, that those results can scarcely be expected in the future. If that warning is required in the leaflet—and it is most assuredly required by the facts—why is it not equally given to the public in that far more widely distributed document, the Office Prospectus? I trust that I have made it quite clear to you how important it is to gauge the future prospects of an Office no less than—indeed, more than—to accurately ascertain its past performance, and how hard it would be for any person save an expert to do this.

## (c) HONESTY.

28. But there is yet another matter quite as important connected with the choice of Office, viz., the question of its honesty.

No man will prudently leave his widow at the mercy of an unscrupulous Office. I could mention certain large Offices of which it has been said that they dog their Policy-holders by private detectives during their life, and bully their widows after their death. Now the honesty and uprightness of an Office, and the measure of its fairness and liberality, are matters concerning which the public have no means of forming any judgment whatever. The shoe never pinches until you wear it. If you are to be saved from putting your faith in a dishonest, unscrupulous, treacherous Office, you must be saved by the experience of other persons, or else you must buy your own experience when it is too late to save your pocket. Now, you can only get the benefit of the experience of others by means of a person aware of that experience : in other words, with the help of one who has fought the battles of others, who has located the knavish Offices, and who, on the other hand, can tell you by large experience that he has never known such and such an Office do anything unfair. You may be disposed to doubt the possibility of highly-reputed Offices doing acts of a dishonest or a dishonourable kind, and you may naturally—especially at your age—be disposed to think that I take a pessimistic and exaggerated view. Before I conclude I will give you one or two concrete cases out of my own experience.

## (II.) THE CHOICE OF POLICY.

29. You might imagine that when you had selected your Office your troubles were at an end. You would simply take out your Policy and be done with it. On the contrary, your difficulties would only have begun. **A great deal more depends on the wise selection of the Policy in all its attributes than upon the choice of the second or third best Office instead of the best.** What is more, the choice of Office constantly depends on the nature of the Policy most suitable in the individual case. Much depends on the competent adaptation of your Policy to your individual requirements, and even if you were able (which you assuredly are not) to pick out the best Office in which to insure, it is a hundred to one against your selecting precisely the best class of Policy, and the best duration of Policy, which your money can

command and your aims, competently understood, suggest. There is much beneath the surface, in selecting both your Office and your Policy, connected with the true merits of the Policy.

30. Now, I think you will see how many and how various are the pitfalls which lie in the path of any ordinary person unversed in Insurance who attempts to make his own investment in this direction, and how obviously wise it is to call in aid a competent and honest adviser, if such a person can be found.

### III. ON THE SELECTION OF AN ADVISER.

#### INSURANCE AGENTS.\*

31. While there must be a certain number of Insurance agents who honestly believe their own particular Office to be the best possible Office in the world, nevertheless I say without fear of contradiction that Insurance agents as a class are not to be relied upon as dispassionate guides in the choice of an Insurance Office. The mere fact that a man is convinced that the one particular Office which he represents is the best suffices in itself to disqualify him from examining the merits of other Offices with an impartial mind. Even if he desire to speak the truth and nothing but the truth he is not free from the natural tendency of the human mind to put the best construction upon everything connected with his own Office and to disparage rival Offices. He is naturally prone to regard his own goose as a swan, and other swans as geese. But this ideal and virtuous life Insurance agent is assuredly the exception, not the rule. I have heard and seen a great deal of the work of life Insurance agents, and I know that I am not exaggerating in saying that as a class they are untrustworthy, so far as dispassionate advice is concerned. As the clever editor of a contemporary Society Journal recently put it, "Nothing is more amusing, or more pathetic—it depends how you look at it—than the spectacle of the average man in the toils of a life Insurance agent. The average man loses all his 'savoir-faire' in the encounter. Every good Insurance agent—and especially that arch-controversialist, the Inspector of agents—can prove beyond a doubt that his own company offers the best

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\* See also para. 155.

advantages to the insurer: it is his business to do so. The prospectus of every Insurance Company conclusively demonstrates that its particular Company is the only Company fit to look at. Neither the agent nor the prospectus lies. Decidedly not. But both place certain facts in a favourable light and gracefully neglect certain other facts." The same remarks apply with equal force to all persons, although they be not professional Insurance agents, who have obtained a so-called agency from an Insurance Office, and who would receive commission from it for business sent to it which they would not receive from the Offices generally.

32. My view, then, is obvious, viz., that no man,—whatever his position in life,—whatever his antecedents, moral or intellectual,—and however virtuous a soul he may be,—is reliable as an adviser on Insurance if he is the representative of any particular Office only. He is thereby disabled from being impartial towards all the rest. The only man whose opinion, other things being satisfactory, is worth having, is a man who has kept himself entirely independent of every Office in the world, and so is able to recommend this or that or the other Office without a personal motive.

#### ANONYMOUS ADVISERS.

33. Turning to advisers who are, or profess to be, unconnected with individual Offices, since the most important element in advice upon Insurance is its honesty, the most important attribute in an adviser is his individuality. An anonymous adviser should under no circumstances be listened to.\* Can you draw a mental picture of the person simple-minded enough to hand over his valuable securities, payable to bearer, to a benevolent but anonymous advertiser in the newspapers, willing to take charge of those securities for an unlimited period of time? Or can you picture a lady so simple as to be prepared to hand over her jewel-case containing her most precious possessions, during her absence from home, to some person similarly willing to take charge of it, but requiring that it should be

\* I could cite instances of grossly unprofitable advice offered in the columns of prominent and influential newspapers. E.P.H. 16/5/07.

handed over in Cimmerian darkness to a person with a mask on his face, say, on the steps of London Bridge at midnight? Would you not consider any person willing to trust to such a custodian eminently fit to be shut up in a lunatic asylum? Well, what else do those people do who are willing to receive anonymous advice on the subject of Insurance, and to forward their proposals to an adviser who will not even disclose his identity, much less furnish reliable information as to his antecedents? In like manner, if an irresponsible individual who professes to be no more than the Manager of a so-called Association sends you his prospectus or his tout, and solicits your patronage, is it not a matter of common sense to address him somewhat as follows:—"Who are you and what are you? Is your Association registered? If so, send me your Memorandum and Articles of Association, and a list of those interested in your Association. *Show me on whose advice I am to act:* show me what intellectual and special training those persons have had, and satisfy me in a reasonable manner that I may feel sure that, if competent to advise, those persons will advise me honestly"? Whomsoever you choose as your adviser on Insurance, you should first find out who he is and what he has been, and see whether you are perfectly satisfied or not that, whether he advise you correctly or incorrectly, he will certainly do so in sincerity and truth. If once you are satisfied on this point in the affirmative, the rest of the matter is easy. Your own intelligent examination of his recommendations will do the rest.\*

#### A FEW SPECIMENS OF INSURANCE METHODS.

34. Now let me conclude with a few concrete illustrations of the devices of some Insurance Offices and Insurance agents, against which a competent and honest adviser can protect you. I will not draw upon ancient history, but will cull my little samples from very recent cases in my own experience.

35. I was recently consulted by an officer who had insured his life in June, 1900, with a certain prominent Insurance Office in

\* For my own antecedents and my position in life, I may refer readers to the India List and the Law List. E.P.H.

India. That Office then covered all military risks in any part of the world for an extra payment of 10s. only per annum on each £100 insured. The officer proposed for a Policy to be charged for inclusive of this fixed military 10s. extra, and received a formal acceptance. By return of post he sent a cheque for his first premium, and the receipt of that cheque was duly acknowledged by the Office. At that time there was no known state of hostilities in connection with China, and the word 'China' was never mentioned by either party. The officer's regiment had not been ordered to China, and he had no notion that it was to be sent there. According to the terms printed on the acceptance, the Office reserved power to decline to complete the transaction *until receipt of the premium*: mark those words. This power on the part of the Office ceased to exist as soon as it received and accepted the premium. The contract was absolutely complete from the moment when that premium was received and accepted, and still more complete, if that be possible, when a formal receipt for the premium had been despatched to the person insured. Soon afterwards that Insurance Office appears to have received a cablegram from home ordering it to exclude China from the scope of its Policies,—*i.e.*, from the scope of Policies to be thereafter granted by it: and almost at the same time the officer's regiment received orders to embark for China. A few days later he received his Policy, when already on the march, and what do you think he discovered? He found that a marginal entry had been inserted on the Policy, reciting that he had agreed to the exclusion of China from the scope of the Policy, and had agreed to pay such extra charge as the Directors might require to cover war risks in the event of his regiment being sent to that country. Well, gentlemen, I have read a good many able legal documents in my time, but never in my experience have I read a more powerfully, temperately, or conclusively expressed legal demolition of an imposition than that penned by that young officer when he received his Policy and discovered what had been inserted in it. He repudiated this marginal entry. He refused to pay the extra charge of £26·5s. claimed, and he required that that entry should be instantly struck out of his Policy—and struck out it was. Now, that Office holds its head very high. It boasts of the liberality of its conditions and of various other attributes.

You may say (with the charity of youth) that this was obviously a clerk's mistake and an isolated instance, and that it is unfair to make much of it. Well, gentlemen, I am pleased to tell you that I possess the whole of the papers, in original, of another identical case of that identical imposition committed at that very time by that very Office, and I have no doubt but that if, by waving a magic wand, I could possess myself of every Policy issued by that Office under the same circumstances, I should discover the self-same imposition in every one of them, except in any other cases in which the insured person had the ability and the determination to insist upon redress. [I have come across many more of them. E.P.H. 2/4/'06.]

36. There is one interesting feature about the practice of too many Offices. They make many mistakes, as I myself often do, and as doubtless all of us do. But the peculiarity of the matter is this, that in my experience I have never yet known an Office of the kind now in my mind to make one solitary mistake to its own disadvantage. By an extraordinary and malign influence of fate, these mistakes are invariably to the detriment of the Policy-holder. You can draw your own inference.

37. Take, again, the too common practice, already mentioned, of certain Offices to hide their declining bonuses under the ample cloak of bygone days. It may be of great archæological interest to know that a certain Office declared very magnificent bonuses 30 years ago, but what you want to know is what bonuses it has declared *of late* and what bonuses it is likely to declare *in the future*. Now you can easily see how unreliable as to the future may be a table of bonuses showing the aggregate accumulations of Policies including every distribution of bonus made by the Society. If an Office has done uniformly well throughout the entire period, the illustration in such a Table is of value. If the Office is on an upgrade, and is declaring bonuses better and better at each of its valuations, why then such a Table would be unjust to the Office. Conversely, if an Office has fallen on evil days, and quinquennium after quinquennium its bonuses have come tumbling down until they have now reached a far lower level, it will be equally clear to you that the Table under reference is grossly misleading (however little its authors may *intend* to deceive) as

being unduly favourable to the Office which puts it forward. Now, I have at home a specimen of this sort of thing. The prospectus of the Office to which I refer displays the amounts by which its Policies have accumulated in accordance with all past distributions of the Society. Here is a sample of the results.\* Taking the age commonly used for illustration, viz., 30 next birthday, as the age at which a whole-life Policy was taken out, we find that at the end of 35 years (which is about the normal date of death of a healthy man aged 30), such a Policy for £1000 is shown in the prospectus as having increased in amount to over £1,800, and in the same period of years a Policy taken out at age 40 next birthday is shown as having increased to over £1,900. Now, if we turn to the latest Valuation of this Office (that is, the latest occasion on which it declared its bonuses), we find that, if these latest-declared bonus rates were maintained constantly throughout a period of 35 years, such a policy, taken out at age 30, would only increase to over £1,500, instead of £1,800, and one taken out at age 40 would only increase to over £1,600, not £1,900. In other words, the Table published in the prospectus overstates future bonuses, if calculated in accordance with the latest performance of the Office, in the case of these Policies, to the extent of about £300. If, again, we compute the bonuses for a period of 35 years at the rates of bonuses declared at each of the last three Valuations, we find that a Policy taken out at age 30 would have earned, in 35 years, according to the Valuation of 18..., over £860 of bonus, according to that of 18..., over £650 of bonus, and according to that of 18..., over £555 of bonus; and the decline in the bonuses upon such a Policy taken out at age 40 is equally marked. [The bonuses have since gone from bad to worse. E.P.H., 2/4/'06.] [So has the new business. E.P.H., 16/5/'07.]

38. Now I will conclude with one little anecdote showing you how some life Insurance agents achieve their object. A military officer was pressed by one of these persons to insure for £1,000 in a certain Office, and was told that the premium would be £22 a year. He then asked what additional charge there would be if

\* Exact figures slightly altered, and valuation years concealed, in order to preclude identification of the Office referred to. E.P.H.

he went on active service. "Oh," said the agent, "only an extra charge of 5 per cent." Naturally the officer, who had been discussing the premium, understood this expression to mean an addition of 5 per cent. of the premium, *i.e.*, that it would amount during active service to 22 guineas instead of £22. He took out the Policy, he shortly afterwards proceeded on active service, and you can imagine his feelings when I tell you that he was called upon to pay a war "extra" of 5 per cent., not on the premium, but on the sum insured—not 22s. but £50. The agent knew very well that his words were ambiguous and knew the sense in which his hearer would understand them. That is the sort of thing to which you lay yourselves open if you are foolish enough to do your own Insurance business, and you listen to Insurance agents as a class.

39. [Omitted].

[Extracts omitted.]

## PART IV.

## GENERAL NOTES.

## THE MISTAKE OF INCREDOULITY.

40-43 (condensed). Incredulity concerning Life Insurance is often associated with complete ignorance of the subject. Those who put their cases before me will find that every fact in my calculations is provable from prospectuses or from Parliamentary Returns, or can be tested by actual enquiry from any Office concerned. Moreover, there are often sufficient grounds for closing a bad Policy even while replacing it by a better one in the very same Office; and there are also in many instances sufficient reasons for leaving an Office, quite apart from any gain arithmetically probable on the face of existing rates. Rarely can it be wise to remain insured in an Office convicted of sharp practice or of actual dishonesty, and unless such cases become public through the Courts no one ever hears of them outside the immediate circle of the aggrieved Policy-holder and his friends; but an adviser in large practice concentrates in himself a vast deal of information of that kind. The immense disparity of the terms offered to the public by various Offices, and the great difference in their moral tone, is my very *raison d'être*. If all Offices were "pretty much alike," so that, as premiums differed, results would differ *puri passu*, then my whole position would rest upon a fallacy, and the public could with equanimity put their money into the first Office which sent them its circular. It is quite a common experience with me to put a man in the way of doubling the return for his money. The high reputation of an Office is an additional argument for insuring in it, for such an Office can least of all afford to do any injustice.

## THE SUPPOSED "LOSS" ON CLOSING A POLICY.\*

44 (*new*). I must warn my readers against the idea that by closing a Policy on which one has paid a series of premiums one thereby incurs a "loss." For one thing, one has had protection,

\* See also para 133.

to the full extent insured, throughout the currency of such Policy, and on the whole term this protection is only covered and no more by what is known as the "net premium." As regards the difference between the "net premium" and the premium actually paid by the insured, as a rule one can get back a substantial amount either as a cash *surrender-value* or as a paid-up Policy, payable when the original Policy would have been payable. But this partial recovery of past payments is by no means everything. Under the old Policy the insured person is bound to pay a definite sum periodically, either for his whole life or for a stated number of years, with the prospect of receiving a certain amount in return at death or at a stated age. Now if, by utilizing the cash "*surrender-value*" or the paid-up Policy claimable, and by applying to a new Policy *precisely the same periodical payment which he is bound to make under his present Policy*, the Policy-holder can secure elsewhere as large and safe an immediate and ultimate provision as is provided by the present Policy, *he is no loser at all*, and, if his prospects under the new Policy be *better* than they were under the former one, he is a clear nett gainer by the difference. Suppose, for example, that a man has booked his passage by a certain ship for a trip round the world, and has paid down a deposit in advance, with the right to reclaim a portion of it if he pleases. He then discovers that he can secure as good accommodation in a better vessel by simply paying over to its owners the balance of his agreed-on fare, and the recovered portion of his deposit. Would he not be foolish to refuse such a chance on the ground that, by availing himself of it, he would forfeit the rest of his deposit? But if besides being superior in itself, the other vessel actually offers *better* accommodation, is *better* navigated, and takes a *safer* course throughout, what man of sense would nevertheless stick to that first chosen? And if, in addition to all this, it come to the passenger's knowledge that the first ship is in the hands of an unscrupulous crew who will rob him if they can, would he not be wise to throw up his bargain even by forfeiting his deposit *in toto*? That most misleading of methods, argument by misapplied proverbs, is not rarely employed in this connection. One person resolved within my knowledge to stick to a miserable Policy quite recently taken out

in a fifth-rate Office, on the ground that he had "put his hand to the plough and would not look back." As well might one persistently remain seated in a wrong train, though one had discovered one's mistake in ample time to get out again! Another sage Policy-holder, although evidently dissatisfied with his Office, declined to take advice, quoting the maxim "Once bitten twice shy,"—an argument about as valid as that of a man who would decline to call in a doctor when nearly poisoned by a quack!

#### THE LEGAL ASPECT OF THE CLAIM TO DISCONTINUE A POLICY.

45 (condensed). The power of closing a Policy is not dependent on the consent of the Office, but is a clear legal right. The consent of the Office need not be obtained.

#### ON THE FALLACY THAT "HIGH PREMIUMS AND LOW BONUSES MUST SPELL SECURITY."

46 (condensed). The fallacy that only high premiums or low bonuses or both combined are compatible with security is one very easy of exposure. Profitableness to participating Policy-holders is purely a question of fair premiums and competent administration all round, and of moderation on the part of shareholders (if any) under their Deed of Settlement or other Constitution. Strong reserves, ably invested, stringent selection of lives, economical administration, not dependent on expensive subsidising of a venal Press, or upon the payment of preposterous commission to all and sundry, even including persons insuring their own lives, or upon lavish advertising, or upon the establishment of ridiculous Branches in out-of-the-way places where they can never pay, and wise administration which makes it distasteful to Policy-holders to close their Policies, and which meets all their difficulties when they arise by helping them over times of stress—these and such like are the true sources of high profits, and consequently of high bonuses. Extravagance and maladministration may not only spell low bonuses, but may even spell no bonuses at all. The fallacy in question is one of the most favoured arguments in use amongst unscrupulous Insurance agents in order to twist the deficiencies of their Office to their own advantage. This point has been ably dealt with by a well-known authority in the following passage contained in his work dated 1897. I trust that for the

future no sensible person will retain the mistaken impression that high premiums, or low bonuses, or both together, are any indication of stability, this being precisely the opposite of the truth.

47. [Omitted].

"Investment in life assurance affords in one important respect a happy contrast to investments in general. Usually the maxim is true which associates good interest with bad security, but in life assurance it is almost universally the case that good bonuses mean good security, especially if the bonuses have been maintained at a high rate for many years. This is, of course, due to the profits being divided among the participating Policyholders, and to the surplus being large owing to wise investment of funds, careful selection of lives, and economy in management. These, in connection with reserves of a stringent nature, are the cause of the exceptional state of things which exists in life assurance, whereby the maintenance of good returns is an all but certain proof of good security."

#### INSURANCE PITFALLS.

48. Here are just a few concrete samples of the value of expert advice : (1) The value of two policies, each for £1,000, identical in kind, and taken out in the same Office on two consecutive days, would differ at maturity, at present bonus rates, by about £45. (2) The value of a Policy for £100, taken out in a certain Office at age 30 next birthday by two naval or military officers, one under a special "scheme"—professedly offered for their benefit—and the other not under that scheme, would differ in value at the probable date of death, at present bonus rates, by over £43 net, and to the advantage of the latter. If they lived longer, the inferiority of the "scheme" in question would be yet greater. (3) Then look at the state of flux in which the Offices always are. Bonuses rise and fall : thus, the latest bonus rate of the Royal Exchange is £1 5s. per cent. compound, instead of its previous one of £1 10s. per cent. compound. The bonus rate of the Scottish Equitable has come down at its last three valuations from £1 10s. compound (1893) to £1 8s. compound (1898) and to £1 5s. compound (1903). Last year I drew attention to a rise in the bonus rate of the Scottish Amicable. Now I have to warn my readers against my own recommendation in this respect. The Scottish Amicable has since then increased its premium-rates for

certain Policies and has heavily raised its charges for Indian residence. Any person who now acts without reference to me on my formerly-given advice in favour of this first-class Office (which I have on many occasions recommended) will hoist himself with his own petard and probably be a smart loser thereby. This is an excellent example of the danger of unskilled appropriation of technical advice, because of the mutability of the conditions governing that advice.

49. [Omitted].

50. [Omitted].

#### WHAT MAY COME OF PLAYING WITH EDGED TOOLS.

51 (*new*). The following example well illustrates the unwisdom of making insurance arrangements without competent advice. Fifteen years ago a member of my Service desired to raise £2,250. Under the advice of a solicitor (!) he sold, out and out, £200 a year of his Covenanted Annuity in exchange for that sum of money, he then being only 45 years of age. Better Offices would have thankfully lent him the money at five per cent. interest. This interest would have absorbed £112 10s. of the £200 a year. £87 10s. per annum would have remained available, and that sum (and less than that sum) would have sufficed to insure his life for £2250, with profits, in one of the best Offices in the kingdom, this Policy constituting ample security for repayment of the principal sum lent. The value of that Policy to-day, with profits, would have been approximately £3000, and its value would have steadily increased until the borrower's death. At his death the sum lent could have been repaid out of the proceeds of the Policy, leaving—even if he died to-day—£750 of nett profit to his heirs.

#### “IGNOTUM PRO HORRIFICO.”

52 (*new*). It may, I think, be safely laid down as an axiom in insurance matters that whenever an Office is secretive it has good reasons for being so: in other words, when facts are concealed their production would not redound to the credit of the Office. I could quote an Office of which the prospectus teems with studied ambiguities. Everything is “generally,” “in most cases,”

"with very few exceptions," "in many cases," and so on. The more I see of Insurance business, the more profoundly I am impressed with the fact that the general public have absolutely no chance of safeguarding their interests except with the help of someone who has made a special study of the subject. I could not embody this truth in more forcible language than that used in a letter which reached me lately: "**It seems to me,**" said the writer, "**arrant folly to run the risk of paying large premiums to an indifferent Company with a minimum result, when by getting expert opinion one may make certain of a larger return for smaller premiums.**"

#### THE QUESTION OF DELAY.

53. I can safely say that there are hundreds of men now in India who are thankful that they did not grudge the trouble and the delay involved in writing to me. One possible reader of these pages could confirm me in quoting from his letter, as follows: "The difference in your choice and mine is enormous. I may say I consulted an insurance broker in Calcutta before insuring in the . . . Office." This was an interesting case. The officer in question wrote to me for my advice but felt unable to wait for it and took out a large Policy under this local advice. No sooner had my reply reached him than he realised the immense superiority of the Office and Policy which I recommended, and promptly abandoned the Policy just secured,—a Policy in one of the most miserable Offices in the kingdom.

54. I do hope that men in India will apply a due sense of proportion to the question of delay. Whether is it better to postpone one's Insurance for, at the outside, a couple of months, and then to secure the very best Policy in the very best Office which could be recommended, or to rush headlong, under such advice as I have just instanced, into an Office of which one knows nothing, and in which one's prospects would be vastly inferior, in a matter of life-long importance? There is another substantial compensation for the delay involved in writing home for advice. No man on earth, be his honesty above suspicion and his ability colossal, is a safe adviser, when handicapped by permanent residence five thousand miles from the centre of British Life

Insurance. I hear things of distinct importance every week of my life. New schemes are propounded, valuable articles are written, and so on. The value of "up-to-dateness" can hardly be overestimated.

55. Such delay as that above referred to is wisely incurred. On the other hand I wish to impress on my readers the danger of needless procrastination after one has once made up one's mind. It is, of course, no more trouble to be medically examined in one week than in another. The same remark applies to the prompt transmission of one's first premium immediately on receipt of acceptance. The cases must be rare indeed where an officer cannot spare one single hour for medical examination and for a short letter. In more than one instance, again, an officer has lost the advantage of favourable premium rates through an increase of rates by the Office in question. The injury incurred through delay in the case of an unprofitable Policy which it is intended to drop, and upon which it becomes necessary to waste further premium payments, is too obvious to need comment. The obvious moral of all this is plain enough, viz., that the moment an intending insurer has decided what to do, he should do it there and then and have done with it. I by no means advise a hasty decision: such matters are too important to be disposed of in a hurry. All I mean to say is that when, after mature reflection, a person has definitely resolved what to do, he should do it at once. The present is his own and the future is not.

56 (*new*). Since I wrote the above passage, four cases have occurred within a few months which ought to be a warning against delay.

#### ONE SURE METHOD OF SAVING TIME AND TROUBLE.

57 (*new*). I wish that my correspondents could realise how much they would promote their own interests, as well as my convenience, by sending me their Policies, or copies of them, when consulting me. The blunders which people make are almost incredible, and the Offices themselves do the same.

### THE PEACE OF MIND SECURED BY SOUND INSURANCE INVESTMENT.

58. One of the chief attractions of Life Insurance as an investment pure and simple is, in my opinion, the peace of mind which it secures, not only as regards the safety of one's capital but also concerning the return of interest very satisfactory in these days. Leaving on one side the off-chance of premature death, resulting in an enormous return for the money laid out, it seems to me a valuable feature that one knows for certain that the capital is, humanly speaking, safe. I think it is an accepted axiom that the vast majority of British Insurance Offices are absolutely certain to fulfil their contracts, in the absence of some great national misfortune,—such a contingency as would, to a great extent, also involve other investments. The safety of the capital is a more important matter in practical life than many people are aware of. Endless instances could be cited where people have invested their money in ways which seemed prudent and wise, and yet have lost it. Where the outsider goes so miserably to the wall in private investment is because commercial honesty is rare, and even if it is present the fluctuations in value, which cannot be without a cause, show the folly of dealing in such shares. The public are like sheep. At a meeting held not long ago in the City an announcement by the Chairman that he had sold none of his shares during a heavy fall was received with applause: as if anything in this world could have been easier than for that director, when aware of the coming decline, to sell any number of shares through any number of brokers, thereafter closing his transactions at a lower rate, without his name ever transpiring from first to last. The impression on my mind, as the result of a constant study of the financial newspapers ever since 1896, is that the ordinary private investor never gets so much as a look in on even terms with what are known as insiders. Another obstacle to successful private investment is the abominable dishonesty of a portion of the press. I see notices from time to time on the working of Insurance Offices that are losing their business in an alarming manner, praising them to the skies; and this in papers which once had a first-class reputation. More than once I have written categorical corrections of positive misstatements of fact in these notices, and such corrections have never once

been published. In short, the art of investing money safely and profitably is no exception to the rule that **in these days everything is specialised, and the only prudent course,—as in other matters requiring technical skill and knowledge,—is for the private individual to put himself into the hands of an expert.** This is precisely what one can so well do by investing one's savings in life insurance. An Insurance Office is nothing more or less than a Savings Bank. One principal source of its profits is, or ought to be, the interest which it earns on its investments. Not only are its officials far better qualified to weigh the merits of investments than any private unskilled individual can hope to be, but moreover they enjoy by their very position exceptionally favourable opportunities: by the law of averages they are able to safely advance money on security which, in an individual case, would be worthless, such as reversions, annuities, and so on. Now, in an Office which is economically run,—of which the shareholders are content with a modest profit,—which does not have to pay heavily in commission for its business,—and of which the directorate and management are equally able,—a Policy-holder to a large extent gets the benefit of this investing skill and opportunity. In short, Insurance is a convenient short cut to security of investment, to which the private individual could never hope to attain, even by devoting his whole energies and time to the task. An Insurance Policy not only means safety of the principal and a certainty of very fair return, but also—what is perhaps of more importance still—it means peace of mind, and the knowledge that one's money is not at the mercy of commercial pirates.

59-62. [Omitted.]

#### DANGERS OF THE POST, AND OTHER RISKS.†

63. I would earnestly impress on my readers the wisdom of having all communications, on the safe arrival of which the completion of their proposals depends, sent under registered cover, including both medical and friend's report. I invariably follow the same practice myself. I also strongly advise intending insurers to *see that their medical report is promptly posted.* In

† See also para. 139.

several recent instances the non-arrival of medical reports has caused weeks of delay and, in one case, serious loss.

#### ANNUITIES.

64. A word may be added as to the purchase of Annuities. A proposer for Life Insurance is most properly overhauled with rigour, his friends are questioned closely as to his health, habits, and antecedents, and even his family history is minutely inquired into. Does one person in a thousand take similar precautions before buying an Annuity? I doubt it. An intending annuitant should have himself examined on strict Insurance Lines —preferably by the medical adviser of a first-rate Insurance Office —and should be guided by his report. I may mention, too, that the Annuity rates of various Companies differ to a high degree, and that it is therefore important to select one under expert advice.

#### SOME PARTICULAR FORMS OF INSURANCE OF SPECIAL INTEREST.

65 (*new*). There are a few investments by means of life Insurance to which it is worth while to draw special attention.

66 (*new*). *Insurance for senior officers.*\* In many cases senior officers who have only a few more years to serve would be glad to add to their family provision by Insurance, but imagine that in their case it is too late to do so, since after their retirement their income will be very limited, and the payment of annual premiums upon an Insurance Policy would be impracticable. I would earnestly advise all such to consult me. It is by no means too late for them to give effect to their wishes. On the contrary, in their case I have negotiated a special privilege of a most material kind. In various cases I have got senior officers exceptionally good terms, and whether there remain but a single year of service or any small number of years, officers who are willing to devote a portion of their emoluments to an improvement of their family provision, on the distinct understanding that their payments shall cease simultaneously with their retirement, would be well advised to consult me without delay.

\* See also para. 101 and para. 221.

67 (*new*). *Investment of existing savings by life Insurance.*—Few persons are aware how advantageously any sum already saved, from say £25 upwards, can be invested in an Insurance Policy. The mild compulsion to continue the payment of annual premiums imposed by an ordinary life policy is by no means an unmixed evil; but even if it were so, that difficulty is wholly overcome by the selection of a Policy upon which only one payment is due. I may add that there is no whole-life Policy in existence of which I have any knowledge which gives a better return than those contracted for by a single payment. Every man in India who possesses savings would do well to apply to me for details of Insurance Policies of the kind under reference, and I venture to predict that in 99 cases out of 100 those who write to me will be surprised by the figures which I can put before them.\* The ordinary conditions under which these Policies are granted for India just “take the gilt off the gingerbread.” I have surmounted those drawbacks, and shall be happy to explain how I have done it, to those who see fit to consult me on my conditions.†

68 (*new*). *Provision for future educational expenses.* Every thoughtful parent must feel on the birth of a child that he has silently run into debt to a very serious extent through that event. I remember a father, who has since held a very high position in my old Province, remarking, on the birth of a son, that he had been fined £2,000, and his estimate is little, if at all, over the mark, if one include the cost of a boy until he is fairly started in life and is self-supporting. Now, educational expenses may be said to come on with a rush. In these days of keen and ever-increasing intellectual competition it becomes almost a necessity to send boys to expensive preparatory schools if they are to make a good fight for a scholarship. School fees are very high, and if nothing has been saved in advance wherewith to mitigate the costliness of first-class education, that unspeakable advantage to a boy may have to be foregone. Most people will therefore agree with me as to the wisdom of meeting the coming evil by starting an educational fund soon after a child is born. I have considered the best mode of achieving this provision with great

\* One senior officer wrote to me the other day, on this subject, thus:—“Your account of the Investment seems almost an Eldorado.” So it is, yet it is accurate, all the same. E.P.H.—See also para. 193. E.P.H. 15/4/’08.

† See also paras. 193 and 218.

care, and, to judge by the cordial reception which my views have met with from various parents, I have apparently devised a scheme well worth careful examination. It will give me great pleasure to send a copy of it to any member of the Services who applies to me on my conditions, and to any other person who can be trusted not to disclose the scheme for use in competition against me. I may add that Children's Endowments of the ordinary kind are radically wrong in principle, as I can easily explain. With scarcely an exception they are, moreover, without-profit investments, and are therefore undesirable on this ground also.

69 (*new*). *Thrift Policies for Children.* I was much interested lately by my investigations necessitated by a case on the subject of one of the "early provident" schemes. My correspondent had just taken out a policy of this kind for £1,000, for his boy aged eight next birthday, in a second-rate Office. The Policy was not to vest—that is, come into existence at all—unless the child attained to his 21st birthday. He would then be entitled to no bonuses whatever unless he survived another five years. The total value of the Policy at his normal date of death (on a slightly more liberal estimate of the future bonuses of the Office in question than is justified by the facts) stood to be £1,435 only. It will hardly seem credible that it was easy to suggest to my correspondent another Policy, also insuring £1,000 as from the child's age 21, and costing in all £41 less in premiums than the Policy under criticism, yet standing to be worth, at the child's normal date of death, £2440; this, too, in an Office so far superior to that which granted the Policy under examination that it is difficult to characterise the disparity of the two Offices without appearing hyperbolical. Now, I shall be happy to show precise details of these two Policies (suppressing my correspondent's name) to any of my readers who see fit to consult me on my conditions. If I can prove my words, the case leaves little to be desired as a refutation of the idiotic doctrine, so sedulously urged by the agents of inferior Offices, that all Insurance Offices are "much of a muchness." It may, then, reasonably be urged that every parent who is anxious to give his small children a comfortable send-off in life, in the shape of a first rate Insurance policy, should consult me. The total annual cost of the Policy

under reference would be less than £18, and by the time that a child of eight attained to 21 years of age the Policy would already be worth (at present bonus rates) over £1250 if death then occurred.\*

#### INSURANCE OF PENSIONS.

##### A NEW AND VALUABLE FORM OF INSURANCE.†

70 (condensed). All officers, both civil and military, who become entitled to a pension or annuity after the completion of any minimum term of service, but who would be severe sufferers in pocket if compelled by ill-health to retire earlier on medical certificate, should take out a Policy, securable by a very moderate annual premium, which will guarantee them against the danger in question, provided that their health be unimpaired when the contract is entered into. The scheme is desirable both for senior and for junior officers, and I will send particulars of it to anyone applying to me on my conditions. The scheme is not open to officers until they have put in three years' service in India. If health last out, and the officer earn his full pension or annuity, then the contract which I am recommending *ipso facto* ceases to exist, its object having been fulfilled. I feel sure that many an officer with family responsibilities, with little children, the whole burden of whose education (a heavy one indeed, as I can say from my own experience) lies before him, must have anxious moments when he reflects upon his position, if unfortunately unable, without undue risk of his life, to complete his time for pension or annuity; and I believe that many a man will gladly avail himself of a scheme which, so far as I can judge, is cheap, efficacious, and open to no countervailing objection, whether from the public or the private standpoint. This scheme also affords an excellent way of making sure of ability to pay one's life-insurance Premiums, and to this extent should be invariably utilized. I trust that the great majority of officers, both civil and military, Covenanted and other, will write to me for particulars of this scheme.

##### 71. [OMITTED].

##### LOANS WITHOUT SURETIES TO MEMBERS OF THE I.C.S. ONLY.

72 (condensed). No member of my Service should borrow money without first communicating with me. I think officers will

\* I have just devised a very valuable development of these Thrift Policies. E.P.H. 25/5/'09.

† The new regulations as to retiring allowances on Medical Certificates by no means contradict this proposition. E.P.H. 27/2/'05.—See also para. 196. E.P.H. 15/4/'08.

find that I can get them money from an Insurance Office at lower interest than they would pay in India, and that as regards a loan in this country on the security of an Insurance Policy I can do better for them than they are likely to do for themselves. These loans can be arranged *without sureties* in the case of members of the I.C.S., but it is useless for members of any other Service or Profession to apply to me in the hope of securing a similar concession, for I cannot arrange, *without sureties*, loans for the members of other Services.

#### LIFE INSURANCE WITHOUT MEDICAL EXAMINATION.

73 (condensed). In my opinion the conditions upon which two or three Offices grant Policies at ordinary rates of premium without medical examination are inherently absurd and eminently unfair to any first class lives insured in those Offices. I am prepared to prove in respect of any Office which grants Policies on these conditions that the same amount of premium applied elsewhere stands to secure a vastly better return for the money paid, even assuming that the present bonus rate of the Offices in question remain at their present level.

#### CONCERNING SOLICITORS.

74 (*new*). I shall be obliged if my correspondents will to the utmost possible extent avoid bringing me into communication with solicitors.

#### PROOF OF TITLE.

75 (*new*). Among the various devices used by Insurance Agents and others to deter Anglo-Indians from insuring in first-class English Offices which have no branches in India is the impression, zealously fostered, that great trouble and delay would be involved in realising the proceeds of Policies effected with such Offices. This impression is baseless. As regards persons who have adopted an Indian domicile, the case is provided for by legislation, section 19 of the Revenue Act, 1889, which renders English probate unnecessary. As regards persons who intend to come home and to settle in England, the balance of convenience lies rather with an Office which will pay in London and not in India.\*

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\* See also para. 203. E.P.H. 15/4/08.

## THE TRUE AIM OF A COMPETENT AND HONEST ADVISER.

76. Ideal advice is that which gives the client the best possible suggestion that can be made in his interests. It must, however, be clearly understood what the merits of a suggestion really mean. Stability and a sound, economical, well-organised, and prosperous business are matters of the first importance in the choice of an Office. So again, there are Offices of which the expense ratio is much lower than that of Offices which, in many instances, I have recommended. What does the expense-ratio matter, without due regard to all the other circumstances of the case? Is it the act of a sensible man to select an Office which has the honour and glory of a six or seven per cent. expense-ratio, and the early prospect of "softly and silently vanishing away"? You might as well choose a gun because of its charming lightness, attained by a sacrifice of strength exceedingly likely to result in blowing your hand off. Thus, in weighing one recommendation against another an intelligent man will do so with a broad view of all material conditions. I think, too, that it is not an unwise step to in all cases require the adviser who recommends a given Office to state to what extent he has backed his opinion by insuring in it himself. I shall be only too pleased to answer that question in respect of any Office recommended by me, and, if I am not myself insured in it, to state why I preferred others for my own case.

## FIRE INSURANCE.

77. I earnestly advise every single reader of these lines who is interested in a Policy of Fire Insurance to take my opinion on it. Such a step costs him nothing, can do him no earthly harm, and may result,—as it has done in many instances,—in rendering possible a change to Offices more just in their conditions, and of better repute as regards their treatment of claims.

## SUPPORT FROM FORMER CLIENTS.

78. I trust that those who have done me the honour of putting their cases before me and of examining my opinion, and who have been convinced that my advice in their case was sound, will lose no opportunity of mentioning that fact, when occasion offers, while not, of course, disclosing either the Office or the Policy recommended by me, or any other detail of my advice. I largely depend on friendly mention of this kind for the promotion

and extension of my business. One word spoken in this way by another person, who has made trial of my advice for himself with a satisfactory result, is worth a volume of self-assertion. I am happy to say that more than one-half of my new work now comes to me in this way. There is, of course, double satisfaction in progress arising directly from the good opinion of those who are obviously in the best position to form a competent estimate of my advice.

#### WHY NOT COME AND SEE THE EVIDENCE.

79. I wish it were in my power to induce any readers of my pamphlet who disbelieve in the utility of expert advice to come and discuss the matter with me, with my books of reference around me. There is nothing whatever in Insurance which a man of ordinary intelligence and education ought not to be able to understand perfectly well for himself when put before him in a competent manner. The Parliamentary returns and other works of reference available give the necessary facts and figures: and as to the various instances of sharp practice which I have repeatedly dwelt on in my writings, they are not vague assertions unsupported by producible evidence, but are facts patent on the face of documents which I can lay before any *bondâ fide* enquirer who cares to see them. The real usefulness of a competent and honest adviser on Insurance does not consist in his possessing a monopoly of a science incomprehensible to ordinary people, and as to the truths of which science he must be followed blindfold, but consists simply in the fact that by dint of patient study and constant watchfulness of current events, coupled with mental qualifications fitting him to make good use of his time, he possesses an accurate knowledge of material facts which is indispensable to a wise choice of Office and Policy when insuring. There is no "abracadabra" about that special knowledge. When the result of it is put before an ordinary person, supported in every respect by incontrovertible evidence, it is so plain that with a little attention it can be understood, as it can also be verified, throughout. In short, the usefulness of the expert consists, not in his knowing facts which cannot be understood by or proved to the uninitiated, but in his knowing facts which the uninitiated do not know where or how to find out for themselves, and of the materiality of which they are necessarily unaware.

### A FEW DEFINITIONS AND NOTES.

(SOME NEW : ALL IMPORTANT.)

80. It may be well to explain a few terms which have frequently been misunderstood :—

- (1) *Surrender-value.* This is the sum payable in hard cash which can be claimed on closing a Policy.
- (2) *Paid-up Policy.* This is a Policy for a reduced amount, payable just when the original Policy would have been payable and not sooner.\*
- (3) *Reversionary Bonus.* This is a bonus (*i.e.*, a share of profits) payable together with the sum insured and not before. The general rule as to bonuses is that they can be taken in cash, or otherwise used, at each valuation of the Office; but obviously a bonus of say £10, only payable, for example, at death, is represented by a much smaller equivalent if taken during life. I may here also explain that future bonuses depend entirely on future profits, and their amount is never guaranteed.
- (4) *Valuation.* This is a periodical stock-taking or balancing of accounts, and is referred to in para. 27 of my 1900 pamphlet.
- (5) *Single-premium Policy.* This is one for which only one premium is payable in all. Such Policies can be payable at death only, or at a specified date or at death if earlier.
- (6) *No money* should ever be sent to me; it should always be remitted to the Insurance Office direct. So should Medical and Friend's reports, birth certificates, and the like.
- (7) *Proposals* should invariably be sent to me and not to the Insurance Office. I frequently find mistakes in proposals, to which, in forwarding the same, I am able to draw attention. Moreover, it is a convenience to me to have the proposals, whereby to enter particulars of age, etc., in my registers.
- (8) *Proof of age* is not indispensable together with the proposal. I have known cases in which a proposal has been delayed for many weeks under the impression

\* Scores of my correspondents erroneously imagine that the "paid-up Policy" is claimable *at once in cash*. Plainer language fails me. E.P.H.

that it could not be submitted without proof of age. It is most desirable to furnish proof of age, so that the age may be admitted in the Policy, but this is not indispensable, and the Policy can be issued with age "stated." I hope therefore that henceforth no one will detain his proposal for want of evidence of his age.

- (9) The *doctor's receipt* for his fee should invariably be sent home, or the Office will be unable to give credit for that amount.
- (10) Where it has been resolved to close a Policy and a new one has been taken out, *the old Policy should never be closed until the last "day of grace."* I have already had one case in which an officer failed to observe this rule, and took the surrender-value of his Policy while 19 'days of grace' still remained to his credit. During those 'days of grace' he was killed, and his family thus missed a large additional profit.
- (11) I earnestly warn Policy-holders who assign their Policies as security for a loan to take care that, on discharging the loan and receiving back the Policy, they see that it is reassigned back to them in as formal a manner as they had assigned it to their lenders, and also that due notice of this reassignment is given to the Insurance Office. In the absence of due notice by the Policy-holder of this reassignment the Insurance Office will decline to recognise the reassignment as valid.
- (12) Policy-holders should bear in mind that to the extent of one-sixth of their taxable income they are entitled to claim a refund of income tax upon their Life or Accident insurance premiums. In England this is done upon a Form of Application to be had from the Income Tax Commissioners, Somerset House, W.C., which any intelligent person can understand. In India the rules are obtainable, and Policy-holders should apply for them to the Board of Revenue of their own Province. In England these refunds are grantable in respect of the three preceding years. Few people are aware of this privilege.

[End of 1903 Pamphlet.]

A few extracts from letters recently received may not be out of place:

*A Covenanted Civilian writes thus :—*“ I was interested to hear that Mr. . . . has decided to recommend all his successful pupils to consult you, and, as I have said before, I am convinced from my own experience that they are likely to benefit considerably by so doing. I read your enclosed notes carefully, and I must say that the case you describe in the last paragraph is a most striking one.”

*A Railway Officer writes :—*“ There is no doubt you fill a place that was badly wanted as an expert on Insurance. I only wish I had consulted you before my Insurance with the . . . . had matured.”

*A Covenanted Civilian writes thus :—*“ I shall certainly write to you whenever I have any money to invest. I have the greatest confidence in your advice.”

*An Officer of the Survey writes :—*“ The only return I can make is to put my friends under an obligation to me by sending them to you.”

*An Officer of the P.W.D writes :—*“ I don't think you need thank me for sending men to you for advice. The men themselves do so, and every one I know who has consulted you has sung your praises.”

*An Officer in the Indian Army writes :—*“ I have much pleasure in mentioning your work to others whenever I get the chance, and I wish you and your work every success.”

*A Royal Engineer writes thus :—*“ I wish at the same time to thank you heartily for your advice which has opened my eyes with regard to a subject of which I was completely ignorant.”

*Another Royal Engineer writes thus :—*“ As regards honest enquirers it is occasionally difficult to maintain secrecy as to one's own Company without both raising doubts as to your bona fides and putting up the back of the enquirer. As it happens, in my case, you put forward two Offices better than the . . . . and I know of one case where a man changed into a Company not the . . . . on your advice.” (The difficulty here alluded to is discussed in para. 85 of this pamphlet.)

*A Covenanted Civilian writes thus :—*“ I feel that I have very materially gained by obtaining your advice and I am very grateful to you for the trouble you have taken in the matter.

*An Officer of the I.M.S. writes thus :—*“ The perusal of your book has considerably broadened my views on the subject of Insurance and I must now endeavour to express my thanks to you for what I regard as a great kindness to me and what you apparently regard as your duty to yourself. Your able and lucid grasp of the subject and conveyance of same to me have already enabled me to vastly improve my Insurance Policies, and, I hope, will enable me to take up more in the future.”

*Another Officer of the I.M.S. also writes thus :—*“ I hear frequently of Officers who have consulted you about Insurance, and all I have met are of one mind regarding the advice you have given them. I should certainly not have consulted you again had I not been fully satisfied with your advice on taking out my previous policy.”

## PART V. (REPRINTED).

NOTE.—THE FOLLOWING PARAGRAPHS WERE WRITTEN IN **1905**.

## A BRIEF REVIEW OF MY WORK IN 1904.

81. I have now concluded another remarkable year. Against a total of 419 new cases dealt with by me in 1903, my new cases in 1904 numbered 779. My correspondence in 1904 reached the surprising total of 8,765 letters, although many of them related to more subjects than one. Another interesting feature of my 1904 cases is the much increased percentage of senior Officers who have consulted me. Quite a number of these Officers have taken advantage of para. 66 of my 1903 Pamphlet, to which I would again invite special attention. I have also observed a marked increase in the average amount of the sums insured or to be insured regarding which my advice has been sought. All these features of my 1904 business seem to point in the same direction, namely, a steady growth in the belief which those to whom my Pamphlets have thus far been addressed have been good enough to repose in my work. At the same time I am by no means blind to the fact that the compliment paid by all classes of officials and by many non-officials in consulting me has been paid, not to me personally, but to my Service. I was interested to read a remark in a letter recently received from a Colonel commanding a British Regiment, who said, and said truly, "I feel I can place the most implicit confidence in a member of the I.C.S." I am very proud to think that I owe my success entirely to my membership of the Service not long ago referred to in Parliament as being "the most distinguished Service under the Crown," and I earnestly hope that never will any man be in a position to lay to my charge that I have betrayed the confidence reposed in me by giving advice which, however mistaken in itself, I did not believe to be the best in my power. If one fact has impressed itself more deeply than any other on my mind during the past year it is this, that the trust reposed in me has really been reposed in our Service. By parity of reasoning, I wish to say with emphasis that I view imputations on my integrity as insults to my Service, and I trust that every Member of that Service in whose presence anything inconsistent with integrity is imputed to me will make it his personal care to

give me my assailant's name. The greatest compliment which has ever been paid to me of which I am aware consists, in my opinion, in the speech of a young subaltern, whose name I do not know, but who, in the presence of a friend of mine, and referring to my work, made the remark, "Thank goodness, none of us need be swindled about insurance now!"

82. Comically absurd devices are sometimes resorted to in order to discredit me. Every reasonable reader of these pages will recognise that I have disclaimed from the very outset in my Pamphlet the idea that I act from mere philanthropy, and have insisted on the fact that I work for remuneration in the form of commission on the recognised scale. Nevertheless, an extract from a letter was recently forwarded to me for perusal in which the writer earnestly warned his correspondent against consulting me, and on the following ground: "I cannot say I should be inclined to insure through his agency . . . . his opening remarks makes (*sic*, in original) out he works for love but later on he breaks the news to you that he works for commission." I would beg the reader of this passage to turn to para. 2 of my 1903 Pamphlet and study the first half dozen lines thereof. Another officer, who after a careful investigation of the matter in person recently effected through me a life Policy costing him over £150 a year, informed me that he also was warned against coming to see me by a friend who said to him in the most solemn manner, "That man is making money out of Insurance!" My friend's reply was to the point, namely, "Of course he is: do you think he would work for nothing?" If these are the only methods by which my work can be attacked, it must rest on a very firm foundation.

#### WHY I BELIEVE MY ADVICE ON INSURANCE TO BE USEFUL.\*

83. It may be well to explain in a few words what my position as regards ability to give useful advice on Insurance really is. I am not qualified as an Actuary. I have to take my actuarial facts as stated in the Parliamentary Returns. But, unless I am next door to an idiot, I must be incomparably better able than the average man to get him good value for his money. For one thing, I have the reliable works of reference. Next, I understand them.

\* See also para. 131.

Next, my knowledge is comparative, *i.e.*, is not limited to any particular Office or Offices, and I can take a broad view which the average man has neither the knowledge, the opportunity, nor the time to take. Next, I have gathered together a great deal of valuable information—not only from personal communication with Actuaries, Managers, and so on, but also from innumerable concrete cases in which I have had to examine the merits of very many Offices: and, lastly, I have profited beyond words by the criticisms and comments of thousands of educated men. I think, then, that my readers will see that, assuming only my honesty and absence of bias, I ought, if of fair intelligence, to be able to render unspeakable service to the ordinary man. And, after all, surely it is no more than prudent for any man to take the harmless step of seeing what I have to say. If when he has done so he feels an absence of conviction in his mind it is open to him to burn my advice and to act on his own inclinations. If experience as to results goes for anything, I may venture to predict that the odds are very long in favour of his accepting my recommendations. Last September I ran over from Ireland to see ten men. Every one of those ten acted on my advice. What is more, one of those ten men, who was just sailing for India, induced no fewer than five of his fellow-passengers on board to resolve to consult me—he being an utter stranger who had never seen me in his life before, but who left my house convinced that my advice was sound. I hope that every person who consults me on the recommendation of another will make a point of communicating to that other his opinion of the advice received from me. Nothing can more effectually encourage any one who has been good enough to mention my work to his friends to continue doing so than the knowledge that in the opinion of those friends his advice has resulted to their personal advantage. He will thus feel that in urging men to consult me he does a double kindness, not to me alone, but also to those to whom he gives that counsel.

#### A WORD TO MY FRIENDS.

84. Although my business has developed in a very gratifying manner, I earnestly hope that my friends who have thus far rendered me such signal service will not let themselves imagine that further help is needless. On the contrary, I need it more than ever on account of the increasing ill-will of those whose former gains have been checkmated through the awakening of

India by my pamphlets, and also because to some extent there is the danger that my friends may imagine that I am now so well-known that it is superfluous to urge others to consult me. Men's memories are very short. I believe that, if I ceased to circulate pamphlets and so on, I should be almost entirely forgotten in five years, if not a good deal sooner. I would therefore earnestly beg my friends to keep my work in mind and to remember also that, if my work is sound and beneficial to those who consult me, the act of inducing any man to put his case before me is a kindness not to me alone but to him also. It is the one great return which men can make to me who consider that I have rendered them any service, and on that point there is this much to be said, that the opinions formed and expressed by me from the time when I first considered myself qualified to advise have been steadily and conspicuously vindicated by events.

#### *Re Non-Disclosure of My Advice to Others.\**

85. An old and valued friend in India has invited me to relax my condition precluding those who have consulted me from disclosing my communications and advice to others. He points out that when urging other men to consult me he is embarrassed by enquiries on their part as to the nature of the advice given by me, —as to the Office recommended by me and as to the Policies which he has taken out. I see the difficulty, but it is unavoidable. There is practically nothing more in my advice than advice regarding the choice of Office, and, secondly (what is really far more important), regarding the judicious selection of Policy as to every attribute bearing on the particular purposes of the individual. If my advice on these points is to be disclosed to men who have not even agreed to my conditions, and who might well consider themselves at liberty to communicate to others all that they were told, my opinions would before very long be common property. It is quite easy, I think, for any man who is kind enough to impress on others the wisdom of putting their cases before me to say in such circumstances that the information which he is called upon to disclose is just the very information by which those who consult me can benefit, and it is manifestly unfair to put it at the disposal of people who have not consulted me. Secondly, he should insist upon the most important fact (stated already in this

\* See also para. 129.

Pamphlet) that advice advantageous to one man may be quite unsuitable for any other, and that each man's case should be separately considered by the light of all its individual circumstances. Ask any doctor whether it is wise for any man suffering from a disease to attempt to treat himself on the strength of prescriptions given to another man who has the same disease. A medicine, or a quantity of medicine, suitable for one sufferer might be the death of another, and each man's case should be considered by his doctor and prescribed for accordingly. Thus, quite apart from the unfairness to me of attempting to discover what my advice has been in a case, there is the conclusive additional objection that that advice if discovered might be quite unsuitable to the enquirer's case, and the proper course is therefore for each man to state the whole of his circumstances and to consult me for himself and on an express acceptance of my conditions.

#### Re My CONFIDENTIAL NOTES.\*

86. I frequently send valuable Notes along with Policies, and I would earnestly warn my correspondents against thoughtlessly handing over such Notes together with their Policies to their bankers or agents to retain on their behalf, thus disclosing my views. My readers would laugh if they knew how little some men think. On one occasion a good fellow, most anxious to promote my work and to whom I had recommended a certain Office, wrote to me and said "I have been blowing the trumpet of the . . . . in all directions!" Another man, equally well-disposed, wrote to me recently and said "I shall certainly do all I can for the . . . . Office, after the trouble you have taken and the advice you have given me." Is it not odd that such people do not perceive that, in crying at the town-cross the substance of my advice, they do their best to improve me off the face of the earth?

#### A MISAPPREHENSION CORRECTED.

87 (condensed). I think the time has come to furnish my many friends with conclusive evidence wherewith to correct a misapprehension which, according to my information, has been created in

\* See also para. 128.

many minds in India and elsewhere by incorrect statements on the part of certain Indian bankers (all of whom are Insurance agents) and other interested persons. No assurance is needed for members of my own Service, and I trust for members of the sister Services, in support of my guarantee on honour plainly given in para. 1 of my Pamphlet that I "in no circumstances accept any commission or other benefit whatever from any Life Office in excess of the normal scale of commission in general use amongst the first class commission-paying Offices": also that "I have accepted and will accept no agency of any Life Office whatever, and that I am and will remain entirely dissociated from every Life Office." But it may be a convenience to my friends to possess the means of refuting erroneous statements to the contrary by precise evidence. The suggestion which, as I am informed, is frequently made against me by Insurance agents is that I am an agent of, or am secretly associated with, a certain Life Office which I have very frequently recommended. But this charge would be meaningless and harmless unless it were linked with a suggestion, either that I can obtain commission on the usual scale from that Office alone, or else that, although I can indeed obtain commission on the usual scale from other Offices also, yet that as a fact I receive commission on a higher scale than the usual one, or else receive some other form of indirect benefit, from that particular Office. Accordingly, I have adopted a very simple method of answering these charges. I print hereunder the reply received from that particular Office to a circular letter addressed by me on 28th January, 1905, to every Life Office with which I had ever placed a Policy (11 in number), and I shall be glad to send for perusal to anyone who wants it the uncondensed matter in my 1905 Pamphlet quoting my circular letter and all the replies received in full. My readers will observe that the reply of the Office which I have recommended more frequently than any other conclusively disposes of the insinuation that I have had a personal motive in placing Policies with that Office. Remove that personal motive, and it would not matter one jot if I had never placed a Policy save in that Office alone. I may add that I am more heavily insured in that Office myself than anyone else is who has ever insured through me, and therefore I have a heavier personal stake than anyone else in the soundness of my opinion.

89. [Omitted.]

90. I now set out copy of the reply received.

REPLY RECEIVED.

31st January, 1905.

E. P. Henderson, Esq.

Dear Sir,—In reply to your circular letter of the 28th January I have pleasure in stating that you have never received any commission from this Office, in respect of any business introduced by you, in excess of our recognised scale of commission, nor have you ever been paid any excess or other form of supplementary remuneration whatever in excess of the above mentioned commission, neither have you obtained any personal concession, benefit, or advantage from this Office in addition to the recognised scale of commission. With regard to the scale of commission, I may state that that paid by this Office is the same as is allowed by other first-class Companies, and that we do not pay commission on an exceptionally high scale.

I have pleasure in stating that I make this reply with the consent and authority of the Board of Directors.

Yours faithfully,

OBJECTIONS TAKEN TO MY CONDITIONS.

91. During the past year several persons have taken exception to my conditions : in all I think that some six persons have written objecting to them since I began my work, out of between four and five thousand correspondents. One gentleman considered my condition (6) (c) "arbitrary and superfluous," and forthwith proceeded to misrepresent it. It seemed to him quite fair, after discovering the inferiority of his Policy through my labour, to address his own Office and to give it the opportunity of improving his contract, thereafter taking no further notice of me and my advice. Another correspondent took exception to my conditions on the extraordinary ground that, in his own words, they "practically did not give the option of refusing your advice when once given." I need hardly say that this interpretation is in diametrical conflict with my condition (4). On the whole, therefore, I may fairly state that my conditions have commanded practically universal acceptance, and numberless correspondents have described them as being fair and reasonable. Anyhow, they are explicit, and there ought to be no further room for misconception on the points, first, that where my advice is rejected, my correspondent is as free as air to do whatever he pleases, so long as he makes no use directly or indirectly of the information gained from me : secondly, that if any person wishes to get better terms

out of his own Office, I expect him to make the attempt before, and not after, consulting me, and without, not by means of, the information which I supply. In this connection I would also point out that it is no excuse for disregarding my conditions to write and tell me that before receiving my advice my correspondent had himself resolved in his own mind to take out the very Policy in the very Office which I recommended. No man who is clear in his own mind as to his intentions has any need to consult me at all. Such an excuse would enable any dishonest person to obtain my advice and then to walk round my conditions. Any one who writes to me is quite at liberty to mention in so doing that he himself contemplates a specified course, and to add that, in case I also advocate the same course, he will not take out his Policy through me. Nothing could be more reasonable. In that case, I should have the opportunity of replying that under the circumstances I am not prepared to advise. My readers may think these remarks superfluous and visionary: on the contrary, every single one of them is founded on an actual experience. I can put my finger on concrete illustrations of every one of the unreasonable contentions which I negative, actually put forward by a correspondent. For my own part I should never have imagined, otherwise, that such views could be entertained by educated persons.

92. [Omitted.]

#### VERIFICATION OF MY FACTS AND FIGURES.

93. By the way, if in any instance a correspondent is disposed to act on my advice, but feels dubious as to the correctness of my figures, there is no reason why he should defer action until he has first written home to verify my statements. It is equally easy for him in such circumstances to forward his proposal through me to the Insurance Office recommended, with a covering letter distinctly reciting the rates, figures, and so on given by me, and to say that the proposal is to be understood to be conditional upon the Office's being able to confirm my statements. Thus, unless my statements be thus confirmed, my correspondent is committed to nothing. In this connection I beg once more, and *ad nauseam*, to remind my readers that **estimates of future bonuses are estimates only, future bonuses never being guaranteed**, any more than Harrod's, or the A. & N. Stores, or William Whiteley

& Co., or any other commercial firm can predict what its profits will be in future years. I encounter much misconception on this subject, in spite of my exceedingly plain language. It is quite a common experience for me to receive a reply alluding to the maturity-value of a with-profit Policy or its value at the expected date of death as if that value were just as much guaranteed as the sum insured is guaranteed. Surely none but very stupid persons will repeat that mistake after reading this para.

#### CORRESPONDENTS INVITED TO EXCLUDE ANY OFFICE OBJECTED TO.

94. I wish particularly to impress on all who are good enough to consult me that nothing will please me better, from a selfish standpoint, than that in writing to me they will specially rule out and bar any particular Insurance Office or Offices they please. The disparity between the very best Office in any particular case and the next best or the third best is as a rule comparatively trifling, and thus, if any correspondent is disposed to imagine that it will be better for his interests to exclude a specified Office from my recommendations, he will not injure himself very much, even if that Office be literally the best for his case. I, on the other hand, shall be a selfish gainer, for the simple reason that it is dead against the interests of my business to monotonously recommend any particular Office,\* and, as regard commission, the fact of my recommending one Office instead of another makes no difference at all to my pocket.

#### UNLIMITED CRITICISMS IMPRACTICABLE.

95. With every wish to deal fully with cases referred to me, there is one point at which I must draw the line. I myself specially invite all who put their cases before me to name, in so doing, any Office contemplated by them, and if any holder of an existing Policy who asks for my opinion on it wishes me to express my views regarding any other particular Office, he is most welcome to specify it. But when once I have expressed my opinion, including my criticisms on any Office named in the reference, I cannot, and will not, undertake to subsequently embark on a fresh set of criticisms on other Offices subsequently put forward. It is not fair to other correspondents that I should expend time otherwise available for their business in thus dealing interminably with

\* See para. 186. E.P.H. 15/4/08.

the case of one individual. In one instance, a person (a retired British tradesman) who had obtained in the fullest detail my opinion on a £20,000 Policy in the last Office which I should ever recommend, and to whom I showed the prospect of a clear gain of over £10,000 by substituting a better Policy in a better Office, worried me for three weeks, and got opinions from me upon eight distinct Offices. At length convinced that my advice could not be bettered, he had the impertinence to ask me to share my commission with him. I of course declined to do so, and never heard from him again. On the other hand, of course, I am most willing to give any additional explanations which may be needed in order to clear up points of doubt arising on a perusal of my advice. I never weary of answering reasonable questions, fully recognising how exceedingly difficult it is for any man to understand advice on Insurance who has not made a study of that subject himself.

#### A REMARKABLE ENQUIRY.\*

96. A correspondent recently invited my attention to two London Offices. After observing that these Offices state that they never employ agents or pay commission, he wrote thus: "I shall also be glad to know whether it is true that they do not pay commission, and if so, whether you therefore leave them out of your calculations." If one thing is clear on the face of my Pamphlet, it is that I profess to do my best to recommend in every instance the Office which seems to me to be the best for the interests of my correspondent. If, therefore, I were to "leave out of my calculations" any particular Office because it pays no commission,—and equally so because, although a commission-paying Office, it would pay me no commission,—I should grossly betray my trust. Fate in this world is sometimes kind, and it just happened that I was able to answer my correspondent in a very unexpected manner, namely, by sending him a copy of a circular letter addressed by me during the previous month to ten Offices, inviting the ten in identical terms to give me their quotation for a specified Policy securable by a single premium, and also to state the value of the Policy at maturity on the assumption that their existing bonus rate remains constant throughout: **and that in these ten Offices I had been careful to include the two Offices which pay no**

\* See also para. 132.

**commission.** In my letter I gave all ten Offices an undertaking to forward their reply in original to my correspondent, if they sent it to me in duplicate. It is instructive to add that of the eight Offices which quoted in response to my letter the terms offered by the two non-commission paying Offices were, with one exception, the worst of all from start to finish. As regards the reduction-of-premium system practised by two other non-commission paying London Offices, I may mention that that system has already in another Office broken down, and that the reduction-of-premium allowed after the payment of seven premiums by one of these two Offices has recently been severely reduced with effect from 1st July, 1904. I have, moreover, recently endeavoured to ascertain from the authorities of that Office the amounts and dates of the "further gradual reductions" of which in their prospectus they hold out a hope. I explained that my enquiry proceeded solely on the assumption that the Office continues to do as well for its Policy-holders in the future as it is doing now, but I failed to extract any definite answer whatever to that most material and reasonable question. For my own part, I prefer not to invest in Policies the future value of which is apparently an unknown quantity, even on an assumption which other Offices have no difficulty in making. The above observations should suffice to refute an insinuation which would have been better unmade.

#### No CASE SHOULD BE DEEMED HOPELESS.

97. I cannot too emphatically impress on my readers that no man need despair as to the possibility of improving his position in Insurance matters.

#### *Re "DAYS OF GRACE."*

98. I earnestly beg my correspondents who fill up my enquiry forms to be particular to state in addressing me that they are aware of and will utilise their days of grace. Where premiums are paid either yearly or half-yearly or quarterly the rule is practically universal which allows 30 days of grace. Where premiums are paid monthly the grace-days are usually ten at least. It may often influence my action if I know that a Policy-holder is holding back his next premium until he can hear from me. I have frequently cabled instructions to Policy-holders which have saved them a good deal of money. *All enquiries should be sent registered.*

### THEORY *versus* PRACTICE !

99. *A propos* of the value of registering letters, I was interested to notice a remark the other day in an officer's file, that he saw no need to register letters. The very next letter (unregistered) which that officer addressed to me was lost in the post !

### ACKNOWLEDGMENT OF MY LETTERS.

100. I have deprecated, in this Pamphlet, any sense of indebtedness to me, in cases where my advice is accepted. But in cases where, on the contrary, a correspondent decides *not* to act on my advice, I shall consider it an act of courtesy if he will acknowledge receipt of my letter and inform me that I need not keep his enquiry any longer on my pending file. Not one correspondent in ten registers his letters (whence the loss of quite an appreciable number to my certain knowledge) and if I do not receive a reply I am always to some extent uncertain as to whether my correspondent's answer has not been lost in the post.

### INSURANCE BY SENIOR OFFICERS.

101. I particularly wish to invite the attention of senior officers to para. 66 of my Pamphlet. A good many such officers have during the past year taken out through me large Policies payable either at death or after terms of years, with premiums strictly limited to that period throughout which these officers think it safe to reckon on their continuing to serve. I have moreover secured eminently and exceptionally favourable terms in more respects than one for such officers. I may add that the fewer the payments upon a Policy for the whole term of life the more favourable the return for one's money, as a rule, at one's normal date of death. I have seen enough to justify me in asserting in respect of more than one highly-placed officer now in India (and I am sure they would confirm my statement), that *nothing* except the fact of their having thus bound themselves down to invest a stated sum yearly in premiums during the residue of their Service has enabled them to save the money. One officer will, two years hence, have secured many thousand pounds for his family who, I will undertake to say, would not otherwise have saved a penny of it. Hospitality and a due respect for one's high position are a positive duty, but both can be overdone, especially the former. Every man in the Indian Services ought, in my opinion, to review

this question broadly, remembering that his time of retirement has to be considered no less than that of his residence in India, and that he will need something in addition to his annuity or pension, unless on retiring he wishes to realise the truth underlying the allusion to England as a place "where a man and his wife can starve on a thousand pounds a year." My advice to those senior officers who are not above accepting it is to make a definite amount of saving a *first charge* on their income. *First* put away at the beginning of each month a stated sum, and *make two ends meet on the balance*. Those who go, for instance, to Calcutta must necessarily save less in the cold weather than at other times, but even those officers can adjust their savings for the year to their expenses. Insurance premiums need not be paid monotonously in equal portions. I have found common-sense to prevail in certain Offices, and I can arrange with ease for irregular payments to meet the convenience of all. Above all, I would urge senior officers to write to me for particulars of single-premium life-insurance. Secured on the terms which I have negotiated, it is a first class investment, whether for the whole of life or for a period of years, for any existing savings from £25 upwards. A very considerable number of officers have already adopted this method of saving under my advice, and I have adopted it myself. I will send precise details (on my conditions) to any one who cares to have them (barring Insurance agents and the like!).

#### INSURANCE BY JUNIOR OFFICERS.

102. It gives me the greatest satisfaction to state that a large number of very young Officers have applied to me for advice and have effected suitable insurances in accordance therewith. A Policy well worth having can be got for a £5 note a year: less than 6 Rs. 8 annas a month. Such a Policy taken out for a term of 32 years stands to be worth at maturity £312, at present bonus rates. There are few young Officers, civil or military, who could not contrive to spare 6 Rs. 8 annas a month without inconvenience, and the moral value of starting thus early the habit of systematic saving is, I think, considerable.

#### INSURANCE BY THE I.C.S. AND OTHER CLASSES.

103. Covenanted Civilians may be disposed to think, as I also thought once, that personally they are all right in view of their annuity of £1,000 a year, and that, if they marry, their widows

will be well off on their I.C.S. annuity. I have learnt by experience, however, that even bachelors are thankful for some private means in addition to their £1,000 a year, apart from the fact that some 86% of our Service marry in the end: while a married man begins to take a very different view of the prospect of leaving his widow dependent on her annuity when her future has become, or ought to have become, more important to him than his own. The thought of one's widow having to clear out of a comfortable house upon a shrinkage of her income by at least two-thirds at one's demise is not to be borne. Thus, whether from the standpoint of a bachelor, or that of a future married man, there is every reason to save from the very outset of one's Service, and I am glad to say that my work has already had a very marked influence upon the Services in this respect. As regards officers whose prospects on retirement are not as good as those of Covenanted Civilians there is, of course, a still more cogent reason for saving throughout their Service, while for professional men who have no prospect of any pension or annuity at all there is a tenfold motive for saving steadily and systematically from the outset of their career. A provision for one's maintenance in retirement may be justly described as an unavoidable item of one's present expenditure. **A professional man can no more ignore with prudence the question of the future after he has ceased to work than he can ignore in the morning the question of his evening dinner.** Where there is no annuity in prospect, the question is not whether a man should insure or not, but simply how he should insure. A bachelor can afford to let the future, to some extent, take care of itself, but a man who is married or thinks of marrying has no such right, and he is bound in duty, if not to himself at least to others, to do the best he can for his family. Of course, in the event of long life the money paid in year by year to an Insurance Office might have been more profitably invested in well-chosen private speculations. But the great point about life-insurance is that through the principle of co-operation (I quote in substance from another) one secures an immediate provision of a substantial kind by a very small periodical liability. This is the great argument for life-insurance: this and the fact that it systematises saving. It is almost, if not quite, immoral for any man to be married for one hour, his wife being otherwise unprovided for, without insuring his life: I should say quite immoral.\* When a girl marries she leaves her family, and

\* See para. 220.

the resources of her parents are properly diverted to the remaining members of that family. If she is left a widow she should be provided for by her husband. As to the ability of every man to make some such provision my readers will find a very striking passage quoted in para. 13 of this Pamphlet.

#### INDIAN GOVERNMENT INSURANCES AND PENSIONS.

104. During the past year I have carefully examined the Insurance terms offered by the Indian Post Office. These Policies are without profits, and although at the outset they insure for a larger sum than can be obtained on the participating plan from British Life Offices, the result of the Indian Postal Insurances at maturity is vastly inferior to that of the latter class of Policies. Now, the person who takes out an Endowment Insurance, payable in his own lifetime at a specified age, does so for the purpose of investment. He insures in the hope and expectation of surviving and not in the expectation of dying before the maturity date of the Policy. Accordingly, the sum for which he is insured at the outset is far less important to him than the sum which he stands to obtain at the conclusion of the contract. In other words, **the Indian Postal Insurances are an extremely bad investment,**<sup>†</sup> and I most earnestly advise every single Anglo-Indian who is already insured thereby to put his case before me without an hour's delay. One of the obnoxious features of the Indian Postal Insurances is that the rules contain no definite statement of surrender-values, and these are to be calculated according to some unpublished table in possession of the Director General of the Post Office. My experience of 25 years warrants me in saying that the less the Indian public entrust their interests to the tender mercies of the Indian Government the better for themselves.\* No Anglo-Indian will wisely take out one of these Policies before first taking the precaution to ask me to state plainly to him on my conditions whether he can make a better use of exactly the same annual premium as that which he proposes to apply to a Postal Insurance.

105. In like manner I have found by experience that the terms granted by the Indian Government under its various Pension

\* Since these words were put into type I have just received from India a letter containing these words: "The Post Office authorities have not yet given me a surrender-value. . . . They refused me a copy of the surrender-value, which appears to be only a confidential document with the D.G.P.O. India." Comment is certainly needless.—E.P.H., 5/3/05.

† The Government has since pleaded guilty. E.P.H. 15/4/'08. Also as to the Military Pension Fund. E.P.H. 25/5/'09.

Funds are exceedingly illiberal. I remember a case in which I got a military officer a contingent annuity for his widow larger by, I think it was, £30 a year than could have been secured at a trifle higher cost from the Government.

#### MORAL VALUE OF LIFE INSURANCE.\*

106. The value of Life Insurance is to my mind quite as great morally as it is financially, if not greater. A P.W.D. officer wrote to me the other day in substance thus: "Dear Sir,—Can you do better for me by Insurance than I can do by my Provident Fund, which gives me 4% compound interest? Like a fool, I have lived up to my income, and have saved nothing." My reply in effect was this: "Rem acu tetigisti: you have an excellent fund ready to your hand as a means of investment—and you save nothing!" This is the view to impress on young fellows. It is all very well to say that one will make private investments year by year, but then the rub is that one does not. The true way of comparing the saving effect of Life Insurance with ordinary savings is to say that Life Insurance makes a certainty of a moderate profit, while saving by private investment may perhaps give a bigger return in the end, but may perhaps end in one's saving nothing at all.† (This is a distinct proposition from that so admirably expressed by Professor de Morgan and quoted in para. 22 of this Pamphlet. What I refer to is, not the possibility of losing one's money invested in trade and speculation or other private investment, but the possibility of never investing anything at all). Life Insurance just puts on one the modicum of mild pressure necessary to keep one up to the mark and to force one to save in accordance with one's resolutions. Thus, it is an entire mistake to judge the merits of Life Insurance investment by the cold and mechanical test of return in compound interest.

#### EVERY MAN'S INVESTMENTS SHOULD INCLUDE INSURANCE.

107. Just as every man's scheme of investments should include a section to be placed in gilt-edged securities, never under any circumstances to be used for speculative purposes, so every man's scheme of investments should also include a portion so placed that on the occurrence of one contingency from which none of us are exempt, viz., early death, the return shall be such as can in no

\* See also para. 168.

† Hosts of correspondents confirm this. E.P.H. 25/5/'09.

other way be compassed. If every man resolved to steadily invest a given percentage of his annual surplus income in Insurance—no matter how small a percentage, yet a definite one—it would be well for his future finances.

#### FURLough NO OBSTACLE TO INSURANCE.

108. No Officer need be deterred from securing a Policy by the fact that he is about to come home on furlough and will need the whole of his furlough income for present expenses. I can arrange in several distinct ways to meet this difficulty, which I shall be happy to explain to anyone who applies for my advice on my conditions. Delay in securing a Policy not only involves the payment of a heavier premium on a higher age, but in the case of whole-life Policies also involves the loss of one or more bonuses. The disparity of nett result due to delay of this kind is surprisingly great. There is also at all times the risk of impairment of health and consequent uninsurability at ordinary rates of premium. It is the old thing ever again: the present is your own and the future is not.

#### MONEY-ORDER REMITTANCES. HANDWRITING.\*

109. Policy-holders who remit their premiums by money-order should be careful to write to the payee giving details. Owing to the very inconvenient system in force in the British Post Office the payee of a money-order receives no information as to the sender's name, and is required to name him!

I find it necessary to once more beg my correspondents to write in a legible hand.† By scrawling a signature perhaps two seconds may be saved: I could mention a case in which at the very least half-an-hour of my time was wasted in deciphering a man's name. In another case the only clue to the identity of my correspondent consisted in the mention of an officer who had advised him to consult me. I found it necessary to write out to that officer for help. He at once located the writer, and told me that he had warned him that unless he improved his handwriting it would tell heavily against him in the Service. The observation may be trite, but it is none the less valuable, that handwriting is meant to be readable. Just as punctuality has been described as the politeness of princes, so, I take it, legibility is the politeness of correspondents.

\* See also para. 140.

† It is also desirable to sign one's letter! E.P.H. I had an unsigned letter by last mail. E.P.H. 25/5/'09.

## INVESTMENT OF PROCEEDS OF POLICIES.

110. In one respect I am able to offer advice which must, I think, be welcome to a large section of the community. I refer to the prudent investment of the proceeds of Policies as they mature. I write this note with reference to an enquiry which has this moment reached me,—a typical case in which the holder of a Policy maturing next August desires to invest the proceeds for the benefit of his wife. If I don't send that officer a suggestion which will instantly commend itself to him, I shall be greatly surprised.\*

## BLINDFOLD INVESTMENT.†

111. The failure of William Watson & Co. should operate as a solemn warning against entrusting one's money to firms, concerning the working of which nothing is publicly known. Times without number I have warned others against thus investing their savings blindfold, and I take this opportunity of repeating that warning to all who are good enough to read this Pamphlet. The affairs of an Insurance Office are patent to the world. The law compels it to disclose particulars of its business, which, although not indeed exhaustive, are yet of extreme value, and embody enough information, if correctly understood, to save one from imprudent investment. Quite recently my advice induced a person who then had no less than £700 in deposit to remove it and to invest it most satisfactorily by means of Life Insurance, and I think it would be a wise move on the part of every person, who has savings in deposit with people concerning whose solvency he feels himself to be ignorant, to ask me how I would recommend him to dispose of the money until the date at which he expects to require it.

112. [Omitted].

## EFFECTS OF A BIG WAR ON INSURANCE OFFICES.

113. A correspondent recently remarked that the consequences of a big war might be disastrous to a certain Office with which he is insured through me, like many another man. In that event I may mention that there is probably not a British

\* Not only he, but his wife also, promptly utilized my suggestions. E.P.H. 26/3/'06. And I grieve to say that he is already dead. E.P.H. 25/5/'09.

† See also para. 171.

Office which would suffer less than the one to which my correspondent alluded, for the simple reason that that Office invests very largely in a certain form of security the value of which would be no more disturbed by a war (short of a successful invasion and confiscation of private estates) than the bottom of the Atlantic is disturbed by a gale of wind. The Offices which would probably suffer in the event of a great war are those which pin their faith to gilt-edged securities, and those which, to a large extent, must stand or fall with our Indian Empire.

114. [Omitted.]

HOW THE PUBLIC ARE TAKEN IN.

115. A friend recently sent me a very instructive article from an Indian Newspaper, giving a glowing account of a certain Insurance Office. So far as I am aware there is not a single fact in the article in question which is not true, but it about as closely conveys the truth in true perspective to the reader as the description of a man that he has a sound heart, nothing wrong with his lungs, sleeps well and looks robust (every one of these facts being true), on the other hand the description carefully omitting to state that he has pronounced softening of the brain and cannot express himself for two minutes intelligibly. What would be thought of such a description if it were written for the express purpose of inducing some one to appoint that man to a position of the first importance to the interests of the employer? Would anyone hesitate to condemn the description as deceitful? That is how the public are taken in by Insurance agents. The bonuses of the Office in question have fallen by an average of more than 50% below the rates previously declared at each of its last two valuations. Its expenses have heavily increased. Its interest earnings have heavily diminished. Its non-participating business has steadily dwindled. If there is an Office in the Kingdom which cannot, with a clear and honest conscience, be recommended to any living soul as being the best for his purpose it is the Office under reference.

LEGAL DANGERS UNDER POLICIES.

116. In the course of the past year one well-known Office attempted in two distinct cases to deprive a Policy-holder of his bonuses of a completed quinquennium. Another Office

has persistently attempted to deprive Policy-holders of a portion of the surrender-value due to them on closing their Policies. Intelligent readers do not need to be told that a definite legal contract once entered into by a proprietary Office (in a Mutual Office you never know where you are: you are always at the mercy of a brutal majority) with a Policy-holder cannot be altered by one jot or tittle except with his consent. One important element in an Insurance contract is the terms on which that contract can be discontinued at the Policy-holder's pleasure: in other words, the minimum surrender-value and the minimum paid-up Policy claimable by him in accordance with the rules of the Office existing when the contract is entered into, as declared in its Prospectus and to the Board of Trade. Now, there is a certain British Insurance Office in which surrenders have of late years leaped upwards in so alarming a ratio that drastic steps have been adopted to stem the tide of closures. The Office under reference has found it necessary to discontinue guaranteed minimum surrender-values altogether, so that in future, as regards people who are henceforth short-sighted enough to insure in that Office, it can give them just as much or as little by way of surrender-value or paid-up Policy as it pleases. As to future entrants, the Office is within its rights. But this Office has within my knowledge attempted, not in one case but in a number of cases, to put off existing Policy-holders with considerably smaller surrender-values or paid-up Policies than the minimum amounts to which they were legally entitled, and in one instance I have found it necessary to inform that Office that unless it forthwith admitted the Policy-holder's legal rights I would write out to India for a power of attorney and would put the Office into Court for the money. It immediately submitted, pleading (as usual) "oversight." The moral of all this is the well-worn one that it is foolish for the public to attempt to manage their own Insurance business; and these facts, which I can prove by original documents to any man who cares to come and inspect them, on my conditions, amply justify the severest expressions which can be found in this Pamphlet or in anything else that I have ever written. I might just as well have undertaken to put up the Forth Bridge with the help of a wooden model, or to treat, with the aid of a medical book, one of my friends for an obscure and dangerous disease, as can any ordinary man attempt with prudence and hope of success to do his own Insurance business. Not only

is the subject a highly technical one, but, what is more, it is saturated with misrepresentation and misconception. At any rate the inanimate objects with which an engineer has to deal, and the human body, with which a doctor has to deal, do not attempt to cheat him, and only require to be handled with knowledge and skill. Indeed, nature is the doctor's ablest helper. But in Life Insurance it is the business of every manager, of every Insurance agent, to do his best to make out that his own Office is better than any other, and if he cannot do so in conformity with the facts, so much the worse for the facts. I am quite aware that honourable Managers exist in various first class Offices, but I am also aware that the persons in charge of a large number of Offices readily resort to misrepresentation of the most unblushing kind. I was amused to hear lately that a certain person (whose name I don't know) remarked of my Pamphlet that my arguments might be all right, but I had not a good word to say for anybody. In the first place the remark was not true. Secondly, my critic apparently overlooked the fact that the first object of my Pamphlet is to give good reasons for the proposition that Life Insurance is not a subject which can be safely handled except by persons who possess special and comparative knowledge regarding it. You may search a medical book from end to end and you won't find one single disquisition regarding persons in robust health. The object of the book is to explain diseases, and one of my chief objects was to illustrate dishonesty, and by so doing to point a moral.†

#### OFFICES NOT TO BE INFORMED AS TO CHARGES ELSEWHERE.

117. I shall be obliged if correspondents who become aware through me of excessive charges on the part of their Insurance Offices, or of any Office, will abstain from bringing to the notice of such Office the fact of its overcharging. It is unjust to the Insurance Office, the charges of which are more moderate. Furthermore, it is unjust to me, because, as explained in para. 42 of my Pamphlet, the disparity between the various Offices is my very *raison d'être*.

118. [Omitted.]

#### RECENT REDUCTIONS OF INDIAN PREMIUMS.\*

119. It is interesting to mention that I am in a position to assert on excellent authority that the reductions of Indian

\* See also para. 123.

† For an excellent sample of dishonesty, see para. 212. E.P.H., 25/5/'09

premiums introduced in 1903 by a well-known Indian Insurance Office were introduced "exclusively" in consequence of my work. The words used to me were "India does not know it, but it owes these reductions exclusively to your work." I am not here alluding to the Standard Office, although I suppose that I am entitled to my own opinion concerning the reductions introduced by that Office also at about the same time. On that subject, however, I have no reliable information. It has also interested me very much indeed to notice various attempts on the part of representatives of the Standard Office to retain certain Policy-holders by suggesting to them that they should surrender their existing Policies and take out new ones at the reduced rates—quite an intelligent imitation of my own methods! In one case a representative of the Standard Office was thus able to offer a Policy-holder the nett advantage of £43 16s., whereas by discontinuing his Standard Policy and acting on my advice, without expending an extra penny and without increasing his annual premium by one penny, he stands to gain the modest sum of £1,165.

120. [Omitted.]

JUST A PARTING WORD.

121. To all who read these Notes I would say, don't be prejudiced, don't be incredulous, don't be lazy. You must at least acknowledge that any Insurance Policy which you already hold is an investment of importance to your own pocket and also to those dependent on you. You have the definite assurance of one who was for five-and-twenty years a Member of a Service which you cannot but respect, that Policies even of many years' standing may be susceptible of very great and immediate improvement, while you need no assurance in support of the exceedingly obvious proposition, amply illustrated in these pages, that as regards a new Policy the subject of Life Insurance is complicated in the extreme,—that every Insurance Manager and agent has a direct personal motive for presenting his own Office in the most favourable aspect and so inducing you to select it. Your own common sense must tell you that the sound method in such a matter is to find a person who possesses comparative knowledge of all Offices and who is able to recommend to you what he believes to be the best Office for your purpose without having any personal motive for naming that particular Office rather than another: a person also who has made

a study of the advantages and drawbacks of every particular kind of Policy and of every attribute of each class of Policy, and who is thus in a position not only to indicate to you the best Office for you to select, but—what is still more important—to point out to you, after having ascertained your particular objects and circumstances, the Policy or Policies most profitable in your case. If any reader denies the abstract correctness of the above propositions he is quite beyond me, and such a person need not trouble himself to read the rest of this paragraph. To those, on the other hand, who agree with me in the abstract as to the undeniable value of skilled advice, if it is honest, I would suggest two steps: first, that they should make any enquiries about me personally that they please and from any source they please: secondly, that they should put their case before me and draw their own conclusions, both as to my knowledge and ability and as to my sincerity, from the reply which they receive. If they comprehend my conditions they will fully understand that, after receiving my opinion, they are perfectly free to burn it and to take no further notice of it. Surely, then, it seems a more sensible course to devote a few minutes to the easy process of consulting me and to sacrifice even as much as an hour or two in carefully studying my opinion and in prosecuting independent enquiries with a view to testing my statements, than to lay down in advance the proposition that technical knowledge and persistent study are useless in the selection of Office and Policy, or to listen to warnings against consulting me, emanating either from interested persons or from others who have themselves been influenced by such persons. I have achieved already a success so great that if my business ceased this day the fact would not much perturb me, but I should regret the thought of the unfortunate Anglo-Indian falling back into the position in which he was liable to be misled or mistaken before I appeared on the scene. My detractors may say what they please. Their remarks are vain. I know what is written to me by honest gentlemen: such words as these, which reached me by this week's mail from India, from one who has never seen me, and with which I may well conclude these notes: "I am very pleased to hear that your business is now an assured success and God knows you must have the blessings of many men in India, and concluding with my own and with my kindest regards I remain, Yours sincerely."

[THE END OF NOTES FOR 1905.]

[A strange remark was passed on to me the other day, viz., that the extracts from men's letters which I print in this pamphlet would carry much greater weight if I gave the names and descriptions of the writers. Yes, and where would my undertaking on honour be to keep the communications of my correspondents "strictly confidential in every respect"? How can I possibly presume, even apart from that undertaking, to publish with clues to identify the private remarks which my correspondents are kind enough to address to me? I wonder what objection will be taken to my work next!—E.P.H., 2/4/06].

*A Covenanted Civilian writes thus:—*"I have been only too glad to take your advice, as it seemed to me thoroughly sound, so far as I could judge from the papers and statistics, and I am quite satisfied as to the present prospects at least of the . . . . I should like to add that I am greatly obliged for the care and patience that you have devoted to my affair."

*Another Civilian of the U.P. writes thus:—*"I am glad to hear you are keeping on your business I have sent quite a number of men to you, and hope you will continue to press the matter of insurance on younger men. You have already done an immense meed of good."

*A Colonel of the Indian Army writes thus:—*"I write to thank you for the Notes you kindly sent me, which I read with much interest. The one which naturally interested me most was the schedule showing me how I can at once benefit myself to the extent of £63, and eventually, should I live four years to carry out your advice, by over £200. Considering there remained only 3½ annual premiums to be paid on the present small Policy of £333½ I think myself most fortunate in having consulted you even at the eleventh hour, and I only wish I had done so earlier."

*A Planter writes thus:—*I have to thank you for, and am most grateful for, your two letters. If some years ago I had only had the benefit of the advice that your experience gives, I should have been a richer man to-day by a long way. I cannot give better proof of this than enclosing a proposal for a Policy on my life for £1,500, with which I intend to replace the others that I wrote you of."

*A Schoolmaster in England writes thus:—*"My dear Sir,—Very many thanks for the Policies and for your kind little note. I cannot be too grateful to you for the whole-hearted interest that you have taken in my small assurance, and I am perfectly certain that my introduction to you has been immensely to my advantage. I only trust that I shall be able to do some of my friends a good turn by making them acquainted with you. With kind regards and warmest thanks, Believe me, Yours very truly."

*A Covenanted Civilian writes thus:—*"I am really very grateful to you for all the trouble you have taken over my case since I began writing to you, as I know that if I had not been fortunate enough to come across your pamphlet all the money which I have been able to save up to date and the money which I hope to save in the future would most certainly have been wasted."

*A Naval Officer writes thus:—*"Very many thanks again for the attention and kindness you have shown in my little affair. I think Captain . . . . did me a great service the day he gave me your Pamphlet, and I hope I may be able to do the same service to others."

*A Royal Engineer writes thus:—*"I shall never cease to be thankful that I wrote to you for advice before taking out an Insurance Policy. . . . I shall have much pleasure in recommending your business to my friends."

*A Royal Engineer writes thus:—*"I have to thank you for the very prompt and courteous way in which you have dealt with this matter, and given me advice which has been of the greatest assistance to me."

*A Railway Officer (Accounts Branch) writes thus :—*“ I am only too glad I accepted the advice given me on all hands, and consulted you before taking out a Policy. I shall lose no opportunity of recommending my friends to consult you in turn.”

*Another Railway Officer writes thus :—*“ I am sure I am glad to hear that there is no truth in the rumour that you are giving up your business—a business, as you say, which is of inestimable public utility undoubtedly. I have personally experienced great help and benefit both in mind and pocket, and I am quite sure none of your clients or correspondents can appreciate your efforts and their results more than I do.”

*An Officer, R.M.A., writes thus :—*“ I am exceedingly glad to hear that your work has flourished so well and trust that it may continue to do so. Believe me I am very grateful for the advice and assistance you have given me, and I shall try and show my appreciation of your kindness in the most practical manner possible, by recommending others to apply to you, and all the more gladly, as I am convinced that I shall be doing them a good turn at the same time.”

*An Indian Business Man writes thus :—*“ It is with the greatest interest that I have read your Pamphlet on Insurance, and only wish, like others, that it had been brought to my notice before.”

*An Officer of the P.W.D., Cooper's Hill, writes thus :—*“ I had the pleasure of calling on you at your house in August, 1903, after hearing your lecture at Cooper's Hill, and have now come to the conclusion that Insurance is about the only certain way of saving money out here.”

*An Indian Military Officer writes thus :—*“ In spite of your protests in your Pamphlet against your clients' gratitude, I feel I must express my thanks to you for all the trouble you have taken in my case, as, but for your Pamphlet, I am certain I should never had insured, but have probably died leaving my wife and daughter practically penniless. With my best wishes, Yours sincerely.”

*An Officer of the Telegraph Department writes thus :—*“ I am quite pleased with my Policy and bless the day when I fell upon your Pamphlet. The worry and trouble of selecting the best Office and best Policy put many people off, but they don't realise that this can be alleviated by consulting you. I'll do my best to acquaint my friends with your good work.”

*An Officer of the P.W. Department writes thus :—*“ I congratulate you on your large increase of business, and hope it will continue to prosper. Many friends of mine, not to mention my two brothers, have every reason to thank you for your advice.”

*An Indian Business Man writes thus :—*“ I shall be much pleased if at any time I have an opportunity of recommending any of my friends to seek your expert advice, the great value of which I am now in a position to acknowledge with sincere thanks.”

*A P.W.D. Officer writes thus :—*“ Again thanking you for all your trouble and kindness and with best wishes for your continued success in your business, which will, I hope, continually increase.”

*A Covenanted Civilian writes thus :—*“ Your advice has been quite invaluable, and has, I am sure, saved me much time and anxiety, to say nothing of money.”

*A Clergyman writes thus :—*“ Very many thanks for your excellent advice which I greatly appreciate, and wish more and more I had known of you six years ago. I am very glad to hear your business is so thriving, and wish you God-speed in the good work you are doing for the public and specially for Anglo-Indians.

## PART VI.

NOTE.—THE FOLLOWING PARAGRAPHS WERE  
WRITTEN IN 1906.

## A BRIEF REVIEW OF MY WORK IN 1905.

122. I have now concluded another year still more remarkable than the last. Against 419 new cases in 1903 and 779 in 1904 my new cases of 1905 numbered no less than 976, being an increase of 25 per cent. over the preceding year's total. Against 8,765 letters written in 1904, my correspondence in 1905 numbered 10,580. I have also to chronicle a still more conspicuous increase in the percentage of senior officers who have consulted me, and I think that, without any disrespect to younger men, for whose faith in my work I am most grateful, it will be generally acknowledged that the acceptance of my views in increasing ratio by men of mature years and judgment carries greater weight. Many such persons have, during last year, effected large Policies through me, thus vindicating the view set forth in the pages of this Pamphlet that it is never too late for senior officers and others to improve the position of their families, and indeed to improve their own prospects after retirement, by utilising the remaining years of their service or of business in order to secure well chosen Insurance Policies. Perhaps the most gratifying case in the course of last year's work is that of an Indian merchant on whom it has been my happiness to confer peace of mind previously denied him. Some years ago, being anxious to provide for his family by Insurance, he proposed and was rejected on quite inadequate grounds. Hearing of my work (probably through one of the innumerable friends who spare no pains to make it known to others), he consulted me, and, on the good old principle that the shot in the gun never kills, I advised him to propose afresh to a broad-minded and just office, but one which, as I know to my cost, is extremely careful in its selection of lives. In such a case much depends on the judicious selection of the Policies asked for, and I was able to keep him clear of the error of asking for Policies involving the most stringent degree of medical fitness. He was found to be acceptable and secured large and excellent Policies. I have received many letters of which I am

proud, but no letter has ever given me greater satisfaction than that addressed to me by this merchant on the completion of his case, and in which he was good enough to write thus: " You " doubtless receive congratulations and thanks—especially when " you have done what has been desired—but I can say that none " have been heartier than mine." That is the sort of communication which more than compensates me for occasional vexations and disappointments in the course of my work. Again, I was much gratified to receive recently a letter from a Judge of a Chartered High Court who had seen my Pamphlet on board ship, and who was good enough to say that he had read it with much interest and only wished that he had seen it or something like it years ago. Another Judge of a Chartered High Court has since consulted me, and I think I may be the means of rendering him useful service. The spontaneous manner in which all sorts and conditions of men have to my knowledge brought my pamphlet to the notice of others is most striking, and the reception which it has met with is the main reason for my decision to adhere to its present form, simply attaching at the end of it a few additional paragraphs, as I did last year.

#### AN APPEAL TO INDIA'S SENSE OF FAIRNESS.

123. Although the manner in which various Offices doing business in India have reduced their climatic extras since I first published my views constitutes my greatest triumph, it is at the same time a new danger to my work. In view of these reductions the days are passing away in which it is in my power to show men a disparity of many hundreds of pounds upon a Policy insuring, say, £1,000, and the Anglo-Indian public can now secure on the spot rather better terms than would have been available to it if I had never taken up the subject. Now, I ask every Anglo-Indian who is good enough to read this Pamphlet whether it is fair to ignore the cause of these reductions and to play into the hands of Offices which plucked the Anglo-Indian pigeon mercilessly before and would still be doing so if it were not for me, and into the hands of Insurance agents who never raised a finger to help the public to a better return for their money, or whether it is not more consistent with justice that men should use every effort to make known to each other the true source of this great change and to endeavour to secure for him who has borne the burden and

heat of this conflict, and who has won the victory for them, the advantages legitimately derivable therefrom. In other words, is it not fair that men should make a point of effecting their Insurances through me and not otherwise, even if they are foolish enough to wish to effect them in any of the inferior Offices which are now attempting to retain their business by means of these reductions? This course costs the general public not one farthing. Any Office which is willing to give commission to the person insuring his own life stands condemned on the face of it, and the man who insures in such an Office is most unwise, because for every pound which he gains in commission he will probably lose £10 in the value of his Policy. I hope that these views will commend themselves to my readers and, if so, that my readers will do their best to impress them on the whole community.

It should be added to the foregoing remarks that even if a person be quite determined to take out his Policy in a particular Office, he may be a very heavy gainer by availing himself of competent advice regarding the selection of his particular Policy in all its attributes.

#### SOME NECESSARY EXPLANATIONS.

124. I wish it to be distinctly understood by all, that it does not matter one farthing to me, as regards commission, whether I place Policies in one particular Office or in another, except, indeed, that it is advantageous to me that all who insure through me shall insure with the maximum of advantages, and therefore shall be quite unable to better themselves by subsequently abandoning the Policies secured through me. It happens that, at the present time, a certain Office is better than any other Office for large classes of my correspondents, and although it is opposed to my selfish interests to persistently recommend the same Office,—and this for more reasons than one,—nevertheless I do persistently recommend that Office to every man for whom I think it the best, and I shall continue to do so even if this course involve the extinction of my business.\* But, first, I never recommend that Office without stating that, if my correspondent would like to rule that Office out, I will send him the papers of the next best Office for his case with pleasure. If any person imagines that I have too high an opinion of any particular Office, he is welcome, in applying for my advice, to simply say that he bars

\* See para. 186 E.P.H. 15/4/'08.

such Office, and wants to have the next best suggestion which I think applicable. Secondly, to those who think they can foretell the Office which I shall recommend (wherein they may err) and therefore think it needless to apply for my advice at all, preferring to profit behind my back by the information regarding my views which they think they possess, I beg to point out that if they imagine that the utility of my advice begins and ends with the selection of the best Insurance Office, they are mistaken. In para. 6 of this Pamphlet I have explained that the wise choice of Policy is frequently far more important than the wise choice of Office. Even if, therefore, any individual knew for a certainty the name of the Office which, if consulted, I should recommend in his particular case, the more important part of my advice still remains unknown.

#### My CONDITIONS EXPLAINED YET AGAIN.

125. A few persons to my knowledge, and possibly many other persons as well, have failed to grasp the import of my condition (6) (b), by which those consulting me undertake on their honour "to put in their proposal through me if based on my advice (whether as to selection of Office or of Policy, or of both)." I have explained in paras. 6 and 7 of my Pamphlet that my advice invariably includes two distinct matters: first, choice of Office, and secondly, choice of Policy, and I have shown why, very frequently, the latter question is more important than the former. During last year I had the misfortune to encounter a dishonest person who, after accepting my advice, endeavoured to argue that unless the proposal were put in to the particular Office deemed by me the best for the purpose, my correspondent was quite free to take advantage of the rest of my advice, and to secure the very Policy which I had brought to his notice, and yet to do so over my head and not through me at all. The sooner such persons understand that this is not the meaning of my condition the better for them and for me. I beg also to call attention to my condition (6) (c). I have stated often that I will not consent to any person's using me as a cat's-paw: finding out rates or other facts through me: finding out the defects of his existing Policy from me: finding out the inferiority of his existing Office from me: or in any other way whatever gaining information from me: and then, i.e., thereafter, proceeding to bargain with his existing Office or with any other Office on the strength of the information which I have

supplied. I have said that if any person is discontented with his Policy or Office he should negotiate for himself instead of taking up my time; and that if in lieu of that course he sees fit to apply for my opinion on my conditions, and gets it, he is precluded by his promise on honour from holding any subsequent communication with his Office with a view to obtaining from it better terms, either by an alteration of the *nature* of his Policy or by a reduction of the *cost* of his Policy or otherwise: and in like manner an intending insurer is precluded from mentioning to any other Office the terms which he has discovered from me and so giving that other Office an opportunity of cutting its rates and offering cheaper terms. Only the other day a person who contemplated a miserable form of insurance consulted me, and I promptly showed him that it was undesirable in several distinct respects. He forthwith proceeded to address the Office concerned and to ask it to quote for a Policy embodying every improvement which I had suggested, manifestly with the intention, if the Office concerned had quoted in his opinion favourable terms, of politely dropping me without more ado. This sort of thing is also done by men who are gentlemen and out of pure inadvertence: I could quote such a case—the case of a man whose friendship I now value. There should be no more inadvertence of the kind, after perusal of the foregoing passage. The sum and substance of the matter is that my advice is not to be used as a lever wherewith to obtain better terms elsewhere in any way whatsoever, and it is useless for men to offer to compensate me by paying me my commission out of their own pocket, because I won't touch it. I never received a fee in my life from any man and I never will.

#### WHAT MY PAMPHLET DOES NOT do.

126. I recently received a letter worded thus: "I shall be very much obliged if you will send me a copy of your Pamphlet on Life Insurance—in which you offer advice to intending insurers as to the best form of Policy." My reply ran thus: "As requested in your "letter of 14th ultimo I am sending you by this mail a copy of my "Pamphlet, but I beg to correct your impression that in that "Pamphlet I 'offer advice to intending insurers as to the best form "of Policy.' I offer no such advice. The whole object of my "Pamphlet is to impress on the general public—plain people—the "extremely complicated and technical nature of Life Insurance,

" and the regrettable dishonesty with which the interests of  
" individual Offices are promoted by Insurance agents, and in too  
" many cases by certain of the Offices themselves, and also to  
" impress on people the egregious folly of attempting to choose  
" 'the best form of Policy' for themselves."

I was amused by a remark of an able member of my Service the other day, who pointed out to me that when you have got to the end of the Pamphlet you have not the slightest idea what Office or what Policy to select. Precisely so. That is exactly my aim; and the more clearly that fact is understood the better for all parties concerned. I am no philanthropist. I am working for my living; and the last thing that I wish to do is to enable my readers to effect their own Insurances without my assistance. At the same time, it would be dead against the real interests of my readers to let them attempt to do their own Insurance business. As I put it in a letter to a correspondent, a Marine Engineer : "What would be thought of me if after having carefully perused "even a very practical pamphlet on the management of marine "engines I were to attempt to take charge of the engine-room "of a big steamer? Should I not be considered a downright "lunatic? Well, the thing is exactly the same as regards Life "Insurance. Not merely technical knowledge is wanted but "practical knowledge as well, and the right way to get it is to "put one's case before somebody who is in a position to supply "both." Every one of us should stick to his last, and leave technical matters of all kinds to persons who have made of them a special study. What puzzles me is why any man of sense and reason fails to perceive the wisdom of putting his case before me before he acts. If I demanded that men should pay a fee for my advice, whether they acted on my advice or not, it would be a different thing. My advice costs them one postage stamp (or three, if they wisely register), and perhaps a quarter of an hour of time. Men come here, discuss their business, pay nothing, say nothing, go away, and remain absolutely free never to write again, and free to act on my advice, or not, as they see fit. I hardly think that business can be done on terms more reasonable than these; and no one would offer his advice on such conditions unless he believed in its soundness and utility: still less would any one persevere for five years on such lines, unless his work had been generally accepted.

**TWO INADMISSIBLE REQUESTS.\***

127. My advice is **not** offered, and ought **not** to be sought concerning the discontinuance of an existing Policy and the investment of its annual cost for the future **otherwise than as the premium of some other Insurance Policy.** I am not a general adviser, for the simple reason that I devote every minute of my working day to one form of investment only, namely Life Insurance. I believe I can get the public as good value for their money in Life Insurance as any man living, and probably I devote more trouble to the details of each man's case than he can secure anywhere else. There my utility begins and ends. Again, I am occasionally asked to advise on behalf of some un-named friend of my correspondent. I am not prepared to do so, as I have no assurance that that person is aware of, and agrees to, my conditions. I have generally found, moreover, that such applications come to nothing.

**PROTECTION OF MY COMMUNICATIONS FROM DISCLOSURE.**

128. I would earnestly beg all who consult me to remember that, although my letters of advice and their various annexures may be of little value to them, they are of very great value to me indeed. As I once told a correspondent, if a man drop a dumb-bell on to my toe by thoughtlessness it hurts me just as much as if he had dropped it on purpose. In the same way, if my ideas are allowed to filter into unauthorised hands through carelessness the injury to me is precisely the same as it would be if a correspondent knowingly broke his word and betrayed my confidence. Again, in several instances men have written to me confessing that they had lost my letters. They might as well lose my latch-key outside my own door, for by losing those letters they lay me open to theft of my ideas. I would, accordingly, suggest that in all cases in which my advice is taken, my letters should be carefully sealed up with directions for their destruction, unread, in case of death. In those cases in which my advice is not taken, the least that a man can do when he has perused it is to carefully destroy all papers received from me. It must also be borne in mind that my communications, as well as my advice, are to be kept strictly confidential, under a pledge on honour. A part of my communications consists of a set of documents which I cause to be forwarded to my correspondents by whatever Insurance Office I recommend

\* See also para 207.

in each individual case,—documents showing the merits of the Office in the most satisfactory form. By a recent mail I received a letter from a well-meaning, but most negligent, person, worded thus: “I received the papers from the . . . Office, and will pass them on to any friend that may be wishing to effect an Insurance if I do not need to use them myself.” What next!

#### *Re QUESTIONS PUT TO MY CORRESPONDENTS BY OTHERS.*

129. It has been asked whether if brother officers enquire in what Company my correspondent is insured he is at liberty to communicate to them the name of his Office and to add that he considers it a good Office, without giving any reasons. My reply was worded as follows, and I commend it to all persons who insure through me. “It would be absurd to bar a man from telling another person “what Office he is insured in, and that is not the meaning of my “conditions. But the spirit of those conditions is plain, namely, “that to the best of your ability you should do nothing which “tends to give other persons the benefit of information obtained “from me. The only return which it is in your power to make to “me for information which has not cost you a penny is to try “your best, so long as you can conscientiously do so, to help me “on in my business, and this you cannot do better than by “answering such a question as you describe as follows: ‘There is “absolutely no reason why I should not tell you what Office I am “in, but I got my information confidentially and promised not to “pass it on to others. I would rather, therefore, that you did not “ask me for an answer to that question. Furthermore, I am “given to understand that it is most dangerous for one person to “imitate the selection of another person in Life Insurance, because “what is the best Office for one man with one purpose may not be “the best Office for another man with a different purpose.’” I might have added these words: “Your proper course is to con-“sult someone who has made a comparative study of the subject; “and one such person is Mr. E. P. Henderson, I.C.S., retired, “whose address is 42 Leinster Gardens, London, W., and whose “conditions can be ascertained on application. His advice costs “you nothing and can be taken or left as you think fit.’”

#### *Re MY PROMISE TO KEEP COMMUNICATIONS CONFIDENTIAL.*

130. No reasonable person can expect me to run a business involving 10,580 letters in one year by my unaided head and hand

Of course I have assistants who help me with my Tables of figures, and who take down my letters in shorthand. There is not a solicitor's Office in the Kingdom in which confidential clerks are not employed. I need hardly say that all my assistants work with me under an express undertaking to keep every detail of my business strictly confidential.

#### PERMANENT USEFULNESS OF MY WORK.\*

131. I have been asked whether it is likely that my business can ever fail through ceasing to be useful. That is impossible. The Insurance Offices will never be equal. There will always be differences of financial ability, of business capacity, of medical skill, of moral rectitude, of liberality,—differences of fundamental principles of administration,—divergences of view on material points, and so on. The question of the selection of Policy will never cease to be one of paramount importance, and not merely the selection of the particular kind of Policy to be chosen, but the adaptation of every detail of the Policy to the requirements of the individual concerned. Sagacious combinations of Policies will always be practicable, and no efforts on the part of the Insurance Offices can put a stop to them, for the simple reason that, if necessary, one Policy of a combination can be effected in one Office and the other Policy thereof can be effected in another. It will always remain a fact that one Office may be best for one individual and quite another Office for another individual. Again, a question often arises which of two lives it is expedient to insure. Again, a person who is known to be a source of much valuable and reliable business will always be able to obtain for his clientèle concessions of more value than sometimes appears on the surface. A competent adviser will always have suggestions at his command on points which would never occur to the ordinary man. Many a reader of these words will be able to call to mind illustrations of this fact. Lastly, since I view it as a part of my business to carefully scrutinise the acceptances and ultimately the Policies of those who insure through me, the mere fact of thus securing at no extra cost a reliable assurance that one has got what one bargained for and expected to get is well worth having. On all these grounds I am clearly of opinion that as long as I and those who will carry on my work after me do nothing to forfeit public confidence our business will never fail us, but will rather tend to broaden and deepen as the conviction becomes more generally accepted that

\* See also para. 83.

our work renders a public service. It has now stood the test of five years, and I am convinced that if there had been any flaw in my reasoning or in my methods that fact would have been published to the world long ago by one or other of the able Actuaries of the various inferior Offices which have every reason to dislike me. As no such attempt has, so far as I am aware, been made, it seems reasonable to conclude that they know that my work is sound. Furthermore, I have profound respect for the common sense of the community, and am certain that if my work rested on an erroneous basis it would never have reached its present dimensions. If my work is sound, it is invaluable to the ordinary man, who has no time or opportunity to study the subject, and, therefore, it is a service to him to dissuade him by every possible means from attempting to do his own insurance business and from consenting to do it under the interested advice of Insurance agents, amongst whom are to be included all Banks which hold agencies of Insurance Offices.

#### IMPORTANT NOTE *re* THE NON-COMMISSION-PAYING OFFICES.

132. In para. 96 I have already dealt with an inquiry as to whether because four British Life Offices pay no commission I therefore exclude them from my calculations; and I proved that I do not do so. Acting as I do independently of all Offices, the agent of none, and being committed by my undertaking to recommend the *best* Office in each particular case, I should find myself in an impossible position were any of the non-commission-paying Offices to attain to a position of superiority affording better terms to those who consult me than could be got elsewhere. In that event my business would come to an end; for I certainly should not "scorn delights and live laborious days" out of mere philanthropy. I think it is therefore due to my readers that I should state in the briefest terms why Fate has thus far been kind to me, and has brought it about that I have never once found it my painful duty to recommend any one of the four non-commission-paying Offices, except, indeed, in a case where a life has first been rejected elsewhere and I have thought that there was a better chance of its being accepted by one of these Offices.

Of the four non-commission-paying Offices two, namely, the London Life and the Metropolitan, work on the compulsory reduction-of-premium system. I regard this system as unsound and unprofitable, and I am not alone in that opinion; and I am

prepared to support it by actual figures. It is therefore unnecessary for me to discuss in detail either of these Offices. Without in any way disparaging their reputations, I say that I utterly condemn their system as a system, and I am quite clear that, for all their professions of cheapness and gain to the insured, their Policies are inferior to those secured on sounder plans. Their reductions-of-premiums have heavily dwindled and I predicted the latest diminution of the London Life's reduction-rate several months before it occurred. Both the London Life and the Metropolitan show a heavy decline in new business during the past ten years.\*

Turning to the other two Offices, the Old Equitable and the Clergy Mutual, both of which are unquestionably first class Offices and extremely profitable for certain most exceptional cases, I would begin by stating that, whereas I have repeatedly given these Offices opportunities of quoting on even terms with commission-paying Offices, neither of them has ever once quoted terms enabling me to place the Policy with it. On the contrary, the terms quoted by these Offices have been heavily inferior to those quoted by various commission-paying Offices. I may mention that the whole-life bonuses of the Equitable came down heavily in 1899 and did not recover in 1904. Similarly, the whole-life bonuses of the Clergy Mutual dropped sharply at its last valuation in 1901. So much for my actual experience of these Offices. As to their actual performance of late years, the figures are eminently instructive. The new Policies granted by the Old Equitable have dropped from 332 in 1895 to 290 in 1905; the sums assured have dwindled from £408,125 to £274,460; and the new (net) premiums thereby produced have dwindled from £14,475 to £10,855. In the same period the expense-ratio of this Office has increased from 6.44% of its net premium income to 7.91% in 1904 and to 8.75% in 1905 (including special valuation expenses in 1905). It is instructive to notice that the rate of interest earned by this Office during its past quinquennium stood at the miserable level of £3 11s. 1d.% before deduction of income tax; and as regards the Equitable's recent circular, dwelling with emphasis on "the soundness of the investments," I am interested to observe that in 1904, on a re-valuation of its assets, it found it necessary to write them down by no less than £94,225. Most desirable investments indeed! Turning to the Clergy Mutual, it is instructive to notice that during the past ten years, 1896 to 1905, the number of its new

\* See para. 182, from the passage in black type onwards. E.P.H. 15/4/08.

Policies has dwindled from 565 in the former year to 543 in the latter; the sums assured have dwindled from £396,677 to £301,848; and the new premiums have dwindled from £12,643 to £10,151. In the same period the expense-ratio has increased from 6.04% of the nett premium income to 8.17%; but I believe that the expense of new Office chairs and other furniture and the general expense of settling into new Offices, and absence of rent upon the upper floors of the building, must be allowed for under the last mentioned item! In this Office also I observe a decline in the rate of interest earned, as well as the significant fact that whereas in 1896 the nett life premium income amounted to £246,698, the same income at the end of May, 1905, so far from showing any solid increase, only amounted to £250,910. Just compare that ominous fact with the fact that in a like period of 10 years ending in December, 1905, the nett life premium income of what is at present the best Office in the Kingdom—proprietary and commission-paying—increased from £256,855 to £517,046!

The Old Equitable and the Clergy Mutual lay great stress on the fact that they pay no commission.\* They seem to forget that, in the language of a well-known Actuary, “Expense Ratios, “though interesting and useful within certain limits, form only “one of many groups of facts which must be taken account of “when examining the position and practice of a Life Assurance “Company.” The fact, for instance, that a silk hat is made of the very finest materials is valuable; but what would be thought of the man who ordered a hat on the sole strength of a guarantee that its materials were of the best, but without making any enquiry as to the size of the article or whether its shape is that of the present day or that of a hundred years ago? Take the case of the Equitable. The Equitable’s funds at the end of 1904 were a little over £4,900,000. The rate of interest earned by that Office in 1904 was about £3 15s.% before the deduction of income-tax. This represents a total amount of interest earned of nearly £184,000 per annum. If, however, the rate of interest had been £4 8s.% (the rate actually earned last year by one of the best commission-paying Offices), then the amount of interest earned would have been £215,000—a difference of over £31,000. Now, the total premium income of the Old Equitable in 1904 was just a few pounds over £190,000, while the expense-ratio was 7.9% of that total premium income. Call it for easy figures 8%. This percentage represents expenses of about £15,200. Now, if we

\* See para. 235.

assume that the Old Equitable saved 6% of its premium income by not paying commission, this similarly represents a saving of £11,400 and not a penny more. In a word, while the Old Equitable scored £11,400 over a good commission-paying Office by paying no commission, on the other hand the Old Equitable lost nearly £20,000 nett as against that same Office by the single item of the difference of interest earned by the two Offices respectively. In plain terms, where expenses of commission-paying Offices are moderate, say, 14%, and the rate of interest earned on their investments is good, that single fact may more than suffice to counterbalance the unquestionable advantage enjoyed by non-commission-paying Offices in saving commission. This is a mere matter of arithmetic which any schoolboy ought to understand. But the superior rate of interest which the best of commission-paying Offices are able to command with perfect safety in excess of that earned by the Old Equitable and by the Clergy Mutual is only one of several important factors all tending to cancel the boasted economy of these two Offices. Non-participating business is notoriously unprofitable to Policy-holders as a class and by parity of reasoning is notoriously profitable to the Insurance Offices. Well, the proportion of the Old Equitable's business not participating in profits is only 7.1%, and that in the Clergy Mutual is only 1.5%, of the total business. On the contrary, certain of the commission-paying Offices have a magnificent percentage of non-participating business, such as 54.4%, 41.6% (a Mutual Office), 47.4%, 49.9%, and so on in lesser degree. Thus, even upon bare comparative figures the saving of commission may be regarded as a material yet only a minor factor in the great general question of profits as a whole. But the argument does not stop there. A business may be dwarfed, cramped, and ruined for want of a reasonable expenditure. If a Nation, possessing a fine fleet, effected a small economy by giving up the periodical repainting of its ships, would that Nation consist of wise men or of imbeciles? The direct result of the system regarding commission followed by the Equitable and the Clergy Mutual is that, as I have shown above, their new business marks a distinct and undeniable decline in the past ten years, while the business of commission-paying Offices shows enormous progress. Now, the steady decline of new business is not compatible with the continued prosperity of an Insurance Office. It may almost be laid down as a rule without exception that, when the new business of

an Insurance Office has increased during the past year, the point is dwelt upon vigorously in the annual report.

In short, my experience is that the two non-commission-paying Offices are unable, in the immense majority of cases, to offer advantages equal to those obtainable elsewhere, cost for cost. Secondly, I regard both the Equitable and the Clergy Mutual as showing signs of declining prosperity,\* and this is the reason why I myself, who have insured my life much more heavily than any one has ever done through me, have not insured my life in either the Old Equitable or the Clergy Mutual for one shilling, and I never shall; and what I don't consider good enough for myself I don't consider good enough for my friends.

#### THE OLD DELUSION AS TO SUPPOSED "LOSS" ON CLOSING A POLICY.

133. I am still afflicted now and then by the objection to closing an existing and unprofitable Policy that the premiums already paid thereunder will be "lost." I hardly like to think what percentage of those cases in which my advice is not acted upon turns on this palpable fallacy. What I want to know is, **what does a Policy-holder possess to show for his expenditure save and except his Policy?** What does it matter how much money one has squandered upon a certain article? What has one to show for it but the article itself? Suppose the holder died: what would his relatives gain by his wasted money, over and above the sum insured and any bonuses attached to the Policy? Not one farthing. The simple question for decision is whether it is in my power or not, without putting the Policy-holder to any extra expense in the future, to put into his hands another Policy inherently superior to the existing one—a Policy under which if he were to die that very moment his heirs would be able to secure a larger sum than would have been claimable by them under the superseded Policy. Let no man henceforth be deterred from putting his existing Policy before me for opinion by the miserable delusion that the sum which he has spent on that Policy in the past has the slightest bearing on the question for decision. Para. 44 ought to have dispelled this error from every logical mind.

#### A COMMON ERROR EXPLAINED.

134. Objections are frequently raised by correspondents to the effect that the Tables of Rates furnished to them by Offices recommended by me contain no information as to the particular Policy

\* See para. 182, from the passage in black type onwards. E.P.H. 15/4/08.

which I have recommended. Some correspondents go further and write incorrectly worded enquiries direct to the Office, and, on receiving answers negativing those enquiries, hastily infer that I do not know what I am talking about. It is small wonder that the correspondents in question receive the answers sent to them. Nothing is commoner in my work than for me to recommend Policies which possibly have never been heard of before. If I could do no more than servilely recommend policies which anybody can discover for himself from Prospectuses, Insurance Office leaflets, and so on, I should be of comparatively little use. It is my business to think for myself and to devise methods of obtaining for those who consult me more favourable terms than any which it suits Insurance Offices to offer to the public; and I am prepared to take any page of my Register of Policies effected through me and (while concealing the names of the Policy-holders) to prove that it contains Policies quite exceptional in their attributes, these special features having been recommended by me for the express purpose of taking advantage by fair means of every point available in order to extract the uttermost penny from the Office with which the policy is placed. In this connection, by the way, I wish it to be distinctly understood by all who consult me that if any person who has insured through me considers on receipt of his Policy that he has not secured precisely what he bargained for, I have the means, and am at all times willing, to get his money refunded to him, and to compensate the Insurance Office concerned out of my own pocket for the risk which it has run meanwhile. The one thing which, in my judgment, I cannot afford is that any man living should have just cause to look back with dissatisfaction to the fact of his having consulted me. My business would not be wisely imperilled for the sake of a few pounds. It has been created by the kindly opinion of those who have examined it; and, so far as in me lies, it shall never be undone by an evil word deservedly spoken.

#### I AM PAID FOR PATIENCE : BUT PATIENCE HAS ITS LIMITS.

135. If my correspondents give me a great deal of trouble (and a good many of them do so), I always remind myself that I am paid for patience : that I am dealing with a highly technical subject which it is exceedingly difficult for ordinary men to understand, even with full explanations : and that the fullest possible explanations are due from me to them as part of our bargain. I trust,

therefore, that no man who finds my advice difficult to follow will hesitate to write back to me for further information on every point in doubt. My correspondents may rest assured that as long as their questions are reasonable I shall never complain, but will do my very best to remove their difficulties. On the other hand, men should remember that my time is sorely pressed, and that before asking me for further explanations they ought at least to read with intelligence what I have already written.

### THREE WAYS OF INSURING ONE'S LIFE.

136. There are at least three ways of effecting an Insurance. One is (in the language of an article in the *Saturday Review* of 5th August last, belauding the Clergy Mutual Life Office from beginning to end) "To yield to the blandishments of the persuasive agents of expensively managed Companies." The man who listens to an Insurance agent is certainly unwise. The second way (in the language of the same article) is "To avail themselves of the superior advantages which an economically managed Office like the Clergy Mutual is able to offer." The man who takes for gospel the statements in any Insurance Office's prospectus, or made by the officials of any Insurance Office, no matter what that Office may be, is almost as foolish as he who trusts to an Insurance agent. **Thirdly, there is the method of finding, if one can do so, a person who makes it his business to advise in the interests of the man insuring his life and not in that of any Insurance Office.** The "*Saturday Review*" says nothing about this third method.

### THE VALUE OF A NUCLEUS FOR FURTHER SAVINGS. INFLUENCE OF MY WORK.

137. Admirable advice was recently given by an Officer of experience to his young brother. In urging him to insure, the elder brother wrote thus: "The amount doesn't matter; the great thing is to make a start."\* That view I emphatically endorse. It is of the greatest value to a young fellow to feel that he has already saved something—something to which it is worth while to add as his income increases. I am proud to feel that beyond question my work leads to saving. A few months ago an Officer wrote to me as follows: "I have a wife and daughter, and have not yet even thought about insuring my life,

\* See also para. 177. E.P.H. 15/4/'08.

but the contents of your Pamphlet have convinced me of the advisability of doing so with all speed." I rejoice to say that he now holds an excellent Policy. In the very same month (last July) another Officer (I.C.S.) wrote to me as follows : " After reading your excellent Pamphlet for 1905 I have determined to invest one-tenth of my pay, which is at present 1,800 rupees p.m., for the benefit of my wife, my little boy, and my little girl." It is incidents such as these which make my work a pleasure and a pride to me.

#### THE GRAVE UNCERTAINTY OF LIFE.\*

138. A striking illustration of the uncertainty of life and of the value of Life Insurance is supplied by one of my cases of last year. A correspondent applied for Policies insuring over £11,000 as a family provision. He was duly accepted, and completed his Policies with praiseworthy promptitude. Before these Policies were actually drawn he was suddenly struck down by typhoid fever, although long past the age at which one is supposed to be practically immune. It is interesting to reflect how much the consciousness must have meant to him during his dangerous illness that his family was protected to so large an extent. I could not wish for a better illustration of what I constantly urge, namely, that not one of us has a guarantee of a single day of life, and that there is no more erroneous method of estimating the value of Life Insurance than to work out its return in compound interest on the assumption that one will survive to any specified age. Every man of sense will include Life Insurance, on however small a scale, in his general scheme of investments, proceeding simply on the abstract proposition that a certain percentage of men are suddenly cut off in the best of health and that any one of us may be included in that percentage. The only man who has ever in my presence spoken contemptuously of my work boasted that he was insured in the Old Equitable, which, he informed me with emphasis, pays no commission. I replied that that was a very good Office to be insured in if you were certain of living to 80; and by his air he seemed to think that he would do so. He was 10 years younger than myself, but he has recently died leaving his wife and children, I am told, miserably provided for. To prove that I practise as well as preach, I may mention that only last year I put an additional insurance of £10,000 on to my own life as a hedge against the risk of my family's suffering

\* See also para. 180, para. 194, and para. 224.

severe loss by my early death and the lapse of my annuity. Few people attach sufficient importance to this feature of Life Insurance,—how it enables one to discount the uncertainty of life.

#### ONE CASE—SEVERAL MORALS.

139. A recent case is worth quoting. A young Officer was present at a lecture delivered by me on the subject of Life Insurance in which I warned my hearers against taking out a Policy except under competent advice. For some reason unknown to me, he promptly proceeded to do the very thing which I had deprecated. Within a few months he wrote to me to ask my opinion of his Policy, whereupon I showed him that by taking out this Policy for £1,000 he stood to lose between five and six hundred pounds, and I also showed him that if he at once replaced it by another, costing him a smaller premium annually and payable at the very same time as his own Policy, he would at once increase his Insurance by £148 and would stand to gain at the maturity date of the new Policy £536. I sent my letter to him under registered cover. No reply reached me, much to my surprise and disappointment. Some six months later he wrote to me, under registered cover, to ask whether I had ever received a letter from him which he had promptly posted—but, unregistered! I wonder when all my readers will realise that it is worth paying 2d. to make certain of the safe delivery of an important letter.

#### INACCURACY AND ILLEGIBLE WRITING.

140. Again I find it necessary to draw attention to paras. 95 and 109 of this Pamphlet. My work is terribly aggravated by the appalling handwriting in which, and the inaccuracy with which, facts are stated to me. What I ask of men is to be a little more careful, and to realise that an hour expended by me in this way probably means the loss to me of the only hour in the day in which I could have left my room for a little exercise. Again, I constantly am asked for advice by correspondents who don't even mention my conditions, and in many cases I have to trust to the honour of my correspondents to return my opinion unopened unless they agree to my conditions which I send them. The disregard for the

interests of others implied in bad writing is humorously put in the subjoined extract from *Tit Bits* :—

#### CANDID CRITICISM.

Scribe (to professor) : " Do you mean to say that you can infer a man's character from his handwriting ? Well, then, what do you think of this ? " (Hands him a specimen.)

Professor : " The writer is a man of some ability, but altogether destitute of moral sense. If not a downright villain, he must be a very unscrupulous fellow, and not to be trusted on any account whatever. I can read his character at a glance, though not his characters."

Scribe : How so ? "

Professor : " His writing is so illegible that I can't decipher it. A man who won't take the trouble to write a legible hand must be so utterly regardless of the trouble he gives to everybody who has to make his scrawl out, so viciously inconsiderate, that he wouldn't stick at committing any atrocity which it would cost him the slightest exertion to refrain from. I judge him to be a rogue, a swindler, and a thief—capable of anything but forgery. Whose is this disgraceful scribble ? "

Scribe : " Well—a—to tell you the truth, in fact, it's mine ! "

#### MY FIGURES SHOULD BE CHECKED.

141. My correspondents should invariably check the figures quoted in my covering letters. The figures in my Tables are worked out with care, and are, I trust, usually accurate. But my letters are dictated straight off (whence I daresay their occasional crudity of style : I am content if they are intelligible), and any arithmetical calculations expressed in them are simply knocked off mentally as I dictate. In this way mistakes may well occur, which, however, can be corrected with ease by reference to my accompanying Tables.

#### SECURE NEW POLICY BEFORE CLOSING OLD ONE !

142. It hardly seems necessary to warn Policy-holders of the inexpediency of discontinuing an existing Policy before a new one has first been safely secured. It is always well to be on with the new love before being off with the old. Most of the Offices with Indian branches by their rules entitle Policy-holders to alter annual, or half-yearly, or quarterly, premiums at pleasure into monthly ones ; and the proper course, where premiums are payable at long intervals, is to send one's Policy for alteration to monthly premiums, and so to minimise the loss involved in keeping up an unprofitable Policy while the new one is being secured.

## I ACCEPT NO COMMISSION ON LOANS.

143. The terms of a few letters which I have received lead me to think that my position regarding loans is not quite understood. I have never received one penny by way of commission or otherwise howsoever in connection with any loan obtained by me for others.

## A REMINDER.

144. Correspondents for whom I make an advance of money in respect of their Policies will kindly understand that to disclose to their bankers or agents details of the Office or Policy recommended by me is entirely inconsistent with their promise on honour to keep my communications and advice strictly confidential. There is no need to inform those bankers or agents why a remittance is to be made to me : their business is simply to remit the money.

## AN ADDITIONAL SAFEGUARD.

145. For those who wish to be extra safe, I have arranged with a Guarantee Office of unquestionable stability very favourable terms upon which performance of their contracts by Insurance Offices recommended by me can be definitely guaranteed. The desire—prudent in the abstract, but expensive in the concrete—to spread Insurances of moderate extent over more Offices than one may be thus gratified without forfeiting the advantage of insuring in the most profitable Office for the individual case. As usual, details are at the disposal of those who consult me on my conditions.

## A NOTE ON PROCEDURE.

146. I have repeatedly been asked whether there is any objection to corresponding direct on the subject of details with Insurance Offices which I have recommended. There is none whatever. On the contrary, I am obliged to those who do so, because it keeps down my burden of correspondence. On the other hand, **proposals should invariably and without exception be submitted to the Insurance Offices through me.** I have to enter their details in my Register, whereby to subsequently check men's acceptances, certificates of completion, and eventually their Policies also.

## POLICIES EFFECTED THROUGH ME NEED NEVER LAPSE.

147. As remittances of premium are at times delayed or the need to make them is overlooked, I shall be happy, in any case

in which I am asked to do so by those who insure through me, to make a note in my Register of Policies that, if at any time I receive intimation that the premium of a Policy is overdue, I shall pay it in myself, immediately advising the Policy-holder of my having done so.\*

#### MONTHLY PAYMENTS, AND SETTLEMENT OF CLAIMS IN INDIA.

148. Although Premiums cannot be paid in this country by monthly instalments, except to a few Offices, I am glad to say that, anyhow in respect of one excellent Office, there is no difficulty at all in making monthly remittances. These will be put into a sort of suspense account, and the quarterly premiums will be defrayed therefrom. Thus, those who find it helpful to remit every month instead of every quarter can easily arrange to do so. I find that the same Office has no objection at all to arranging to pay the proceeds of its Policies, when they become claims in India, through a Bank there, on due surrender of the Policy and due proof of title.

#### DELAYS WHICH ARE NEEDLESS AND EASILY AVOIDABLE.

149. Proposals have frequently been deferred pending a reference home by my correspondents to Insurance Offices recommended by me in order to verify the rates of premium which I had quoted. Such delay is needless. Nothing is easier than to attach to a proposal a letter addressed to the Insurance Office stating that the proposal is subject to confirmation of the premium as quoted by me. Thus, much time may be saved. I believe I have said this elsewhere already. In like manner, proof of age need not be submitted together with the proposal. Policies can even be issued with the age "stated." In case after case avoidable delays have almost wrecked Policies for large amounts. As I have said before, the question whether to insure or not to insure in a certain way is one requiring full consideration; but, when once a decision has been reached, not a single day should be lost in carrying it into effect. A correspondent recently wrote to me thus: "You will remember that I made haste to take out my five "new Policies before going abroad. At one time I had thought "slackly that I would leave them till I got home again: I am "very thankful that I didn't." This officer completed his Policies

\* I only do this *ex gratia*, and not as part of my agreement.—E.P.H. 2/5/07.

and started for the Continent three days later, and in crossing the Channel had a severe attack of sea-sickness, in the course of which he broke an air-vessel in his lung and lay ill on the continent for two months. He adds " You can imagine that the five new " Policies are something of a consolation to me. I had always " believed, and so had all who know me, that my lungs were the " most irreproachable part of my body, and I would have betted " that anything in me would give out before them. It only shows " that in these matters the strongest beliefs may be ill-founded. " I could not refrain from telling you the story, seeing how " strongly it confirms your emphatic advice to allow no delay in " completing an Insurance when you have resolved to make one." A correspondent well expresses the result of putting off. He writes thus : " I apologise for my slackness in writing. It was a " case of to-morrow and to-morrow—until I felt that I had delayed " too long to write at all." His letter is in answer to one of mine. I cannot say too often that in a matter of importance so vital as that of Life Insurance it is almost worse than folly to delay one single hour after one has definitely made up one's mind.

#### A HIGHLY UNPROFITABLE GAMBLE.

150. I wish to warn my readers regarding an unprofitable gamble which, as it seems to me, some person is advocating in India, and under which, if the insured person die before the completion of a long term of years, his estate receives not one farthing,—nothing being payable under the Policy except upon survivance to its maturity date. Within a week or two I was recently quite beset with enquiries from various quarters regarding these gambling Policies, and I am certain that someone or other is recommending them to the community. Well might an intelligent officer the other day close his letter to me with Pope's line—

" Lo ! the poor Indian, whose untutored mind " etc.

If any man wants to take out a gamble of the kind, I can get him one which stands to return a much better rate of compound interest upon his money, but in my opinion such a Policy is beneath contempt, and, where the interests of others have also to be cared for, is well-nigh criminal. If the return in compound interest on survivance to the maturity date of these Policies were 10% or 12%, the gamble might be worth having in the case of a bachelor. My readers will scarcely believe me when I say that the return in

compound interest on one of these Policies for a term of 18 years was only about £8 11s. in excess of  $3\frac{1}{2}\%$  compound interest. The Policy guaranteed in return for 18 premiums of £39 2s. a year a sum of £1,000 on survivance to the end of that period. My readers can work out the compound interest for themselves. I may add that I showed my correspondent (who dropped his vile Policy like a hot potato) that he could, with the very same premium, have secured an 18-year Policy insuring him for £420 with profits from the very outset, and that the maturity value of that Policy, at present bonus rates, would be £998! Once again I say that the sooner the poor public give up the attempt to do their own Insurance, the better for their pockets, and the worse for greedy Insurance Offices.

A copy of a recent Indian Insurance advertisement has been sent to me worded as follows: "Provide for Retirement by taking a Policy under the new simple Endowment Scheme without medical examination. Rs. 10,000 at age 50 can be secured by any life aged 25 next birthday for a monthly premium of 22 rupees, 14 annas, 8 pies. All premiums paid after the first year are returned if death occur before the stipulated age is attained. "N.B. No Medical Examination, References to Private Friends or other formalities are required in connection with this Scheme." I can get any person who consults me on my conditions **vastly better terms at the same price and under the same conditions** from a stronger and safer Office. Moreover these contingent Policies are by no means to be recommended. It is foolish to accept any Insurance Office's offers without first subjecting them to the test of comparative criticism, when this can be done at no expense beyond that of a postage stamp. "Family Investment Policies" are a poor speculation, as can easily be demonstrated. I recently had occasion to examine the system of investment practised by the United Kingdom Savings Investment Corporation, Ltd. As a system I consider it undesirable, and I believe that money can be invested to greater advantage in other ways.

#### PRIVATE INVESTMENT *versus* LIFE INSURANCE.

151. A correspondent writes: "If the same sum were put in at compound interest it would fetch of course much more, but the Insurance is preferable as a compulsory saving." Yes: given an iron will to invest at specified dates: given a safe private invest-

ment yielding 4% compound interest: and given also survivance for a long term of years, and such a private investment would beat life Insurance. But the point is that one can never rely upon one's own invincible strength of mind, nor upon the command of such an investment, nor upon long life. Life Insurance supplies the place of will, and it compensates one munificently if death occur early, and these advantages are cheaply purchased at the cost of some small loss in return in the worst event, namely, the event of survivance to the end of a long term of years. These are the considerations which ought to impel every man of sense to invest a portion of his savings systematically in Life Insurance.

This morning's post brought me a striking illustration of the value of single-premium whole life Insurance. Last Autumn an officer who had insured through me in 1902 again consulted me. His wife had come in for a small legacy of £140, and I was asked whether this money could be advantageously invested by way of Life Insurance. I showed that it could purchase a whole-life Policy for £267 with-profits out-and-out, if used as a single premium for an Insurance on the husband's life. This was done. Although then a first class life, he has just died, and the wife receives her cheque straight off for £267.

#### *Re MARRIAGE SETTLEMENTS.\**

152. I wish to warn my readers yet again as to the urgent necessity of having their Marriage Settlements carefully scrutinised in connection with Insurance Policies therein included. A certain Office, not unknown to Anglo-Indians, is a special offender in this respect, and has within my knowledge resorted to a scandalous pretext in order to hold a Policy-holder to a miserable Policy. I shall be glad to give any correspondent a note showing the indispensable clause upon the insertion of which he should insist before accepting his Marriage Settlement. But I may add that where a Settlement is incompetently drawn, and ties the hands of the husband and the trustees alike, there is a resource in the Court of Chancery, which was appealed to with brilliant success in a recent case of mine,—a case in which I think I am within the mark in stating that I enabled a husband, insured seven years previously in what is generally considered a good Office (not that I think so), to extricate himself with the aid of the Court, and to improve his

\* See also para. 175.

wife's position by nearly £2,000 straight off, to save himself about £40 a year for life, and to improve his wife's prospects at his normal date of death by about £1,500. The husband wrote to me these welcome words :—" I think you have every reason to be " proud of the skilful way in which you have dealt with my case." His solicitor also wrote to me thus :—" I now take the opportunity " of thanking you for your valuable advice in this matter, which " has secured to . . . . and her family such a substantial in-  
crease of provision for the future." In this, as in other respects, my readers will not go far wrong in understanding that I can over-  
come most obstacles. The motto adopted by me since many a day  
is "*Aut viam inveniam aut faciam.*"

#### AMERICAN LIFE INSURANCE.

153. I shall doubtless be expected by the readers of this year's Pamphlet to say something about the American Offices. It strikes me that New York has said about enough already. I may add that the disclosures to which we have been treated during the last few months are a triumph for my work. After enquiry, I turned my back on the New York Life and then on the Equitable of the United States early in 1899, for my own Insurance, and never once since then have I been able to recommend any American Office. I put on an additional sum on to my own life in 1903 and I allowed the representative of one of these three large Offices to come twice to my house in order to state his case. I gave him a painstaking and open-minded hearing, and in the end I decided to have nothing to do with his Office. My conclusion is summed up in the following words then addressed to him :—" But I am sorry " to tell you that I find the American manner of doing business an " insuperable obstacle. When your Offices see fit to adopt a " system of quinquennial bonuses, with full and explicit disclosure " of their business on the lines followed by the English Offices, I " shall know where I am. At present your Offices simply invite " the public to 'buy pigs in pokes,' and that is not good enough " for me." On the 26th December, 1901, referring to the American Offices, I wrote thus to a correspondent :—" If you " think I wrong them, please say so; I desire nothing less,—for, " Heaven knows, the case against the American Offices is strong enough." But why should I quote my own words (except, indeed, to prove that my unwavering opinion has been vindicated), when an able American writer sums up the situation thus?—" Less than

"a year ago . . . . the New York Life, the Equitable, and "the Mutual Life loomed before the American people as the "greatest, most respected, and most venerable institutions in our "broad land. To-day they stand for all that is tricky, fraudulent, "and oppressive."\*

#### SECRET COMMISSION.

154. A recent advertisement in the Indian Press, inviting "gentlemen" who can influence Life Insurance business in a private capacity to correspond "in confidence" with an Insurance Office, ought to be brought to the notice of the Lord Chancellor in connection with the Prevention of Corruption Bill. I have no hesitation in saying that a man who *secretly* accepts an Insurance agency, and goes about amongst his friends advising them to insure in an Office with which he is in "confidential" communication, while concealing from his friends the fact that he has a personal motive to subserve, is guilty of a dishonest act which will properly become criminal under the new Bill. And I consider that any Insurance Office which instigates "gentlemen" to act in such a manner without honestly disclosing the fact that they are its agents is guilty of abetment of the same offence. [Now a crime under the Prevention of Corruption Act, 1906. E.P.H., 2/5/'07.]

#### INSURANCE AGENTS.

155. The tone of some remarks in this Pamphlet may give rise to the impression that I am unjust to Insurance agents as a class. That there are exceptions to the general rule I not only think, but also know: but, on the other hand, that Insurance agents viewed as a class are untrustworthy, because biased, whether consciously or unconsciously, is incontrovertible. In justice to myself I think it is desirable to put before my readers a few concrete examples of the modus operandi in use amongst Insurance agents. At the same time it must not be assumed that the Offices of which these persons hold agencies are necessarily aware, or approve, of their malpractices. On the contrary, it is as much as the appointment of an agent to a *good* Office is worth for him to be detected in any misstatements injurious to the good name of the Office. Here, then, are a few specimens:—(1) The Scottish Amicable is a first class Office in which I am myself insured, and of which I have a high opinion. It is not, however, by any means the best Office for certain large classes of cases. In two instances I recently recom-

\* See also paras 191-2. E.P.H. 15/4/'08.

mended another Office, and in each of these cases an agent of the Scottish Amicable Office addressed my correspondent and endeavoured by false statements to dissuade him from acting on my advice. I am not yet in possession of the original letter of one of those agents—doing business in the Indian Empire—and I therefore withhold his name. In the other case the Inspector of agents in Dublin of the Scottish Amicable, a Mr. R. A. Higinbotham, unsolicited by my correspondent, addressed him and endeavoured to discredit the Office which I had recommended, and did so by statements which are contrary to fact. My correspondent informed me that in view of these statements he withheld the proposal which he had intended to put in through me and he called upon me for my report. I at once addressed that Insurance agent, stating that I gave him seven days in which to furnish me with “an absolute unreserved withdrawal” of his remarks regarding the Office which he had attacked. He has now on receipt of that threat unreservedly withdrawn his remarks, and it is well for him that he has done so. Needless to add, the agent pleads good faith and so on, but in reply I have reminded him that the definition of good faith in the Indian Penal Code is: “nothing is said to be done in good faith which is not done with due care and attention.” (2) Last summer I was applied to, on private note-paper, by a person named H. Kent Norris for my advice and for a copy of my pamphlet. In reply to his inquiry I asked Mr. Kent Norris for an assurance that he was “*not connected with Life Insurance,*” (underlining these words), and explicitly gave my reason, namely, that I was “not willing that my Pamphlet should be placed at the disposal of Insurance agents.” Mr. Kent Norris wrote back these words: “If it is any satisfaction to you I will undertake not to show your Pamphlet to any one associated with Insurance.” Suspecting that there was something peculiar about my correspondent, I made enquiries and I discovered that Mr. Kent Norris is the chief Inspector at Bristol of the Royal Exchange Life Office. Well, I am not surprised at anything done by an Insurance agent, and if that were the whole matter it would be unworthy of notice in my Pamphlet. But I handed this person up to the Actuary of his Office, setting out the whole matter in full, with the request that it should be submitted to the Board of Directors, whose views on the subject I said I desired to know. The Royal Exchange Life Office has never answered my letter. My readers can draw their own conclusion. (3) Another recent in-

stance is also worth quoting. A person consulted me who had just taken out a Policy in a most inferior Office. He decided to abandon it at the end of the year for which he had paid his premium, but when that time came he wrote to me as follows : " Since I last wrote to you it has come to my knowledge that by paying to the . . . Office for two more years, *i.e.*, by making three payments altogether, I can then withdraw without being at any loss." In reply I told him that the information furnished to him was quite false and that if he wanted to secure proof of this fact he should write to his Office in these words : " If I pay two more premiums under my Policy in your Office, please tell me how much I shall have paid in all and please also state what amount of surrender-value you will then be prepared to hand to me." He did write to his Office in accordance with my advice, but addressing me a whole month later he used these words : " I wrote to the . . . . . as you advised me, and I have never got an answer yet." No, and he never will. (4) To the same person the clerk of the Resident Secretary of a first class Office wrote another falsehood in these words : " Dear Sir,—You will observe by the enclosed how the profit on your £300 25-year Endowment Policy will work out and I think you will find that at the end of the 25 years the whole thing will be worth £590 12s.6d." As a matter of fact, the correct maturity value of that Policy, reckoned at present bonus rates of the Office in question, would be less than £462. (5) I learned the other day that I had been the subject of vigorous abuse by the Bombay representative of an American Life Office. That gentleman stated that I took the bread out of the Insurance people's mouths, and added " He knows nothing about it: **trust us.**" Exactly so, and I suppose that the Insurance agent in question would undoubtedly advise the public to insure in honest and reputable Offices, and to give his own Office a wide berth ! (6) The rumour recently put about in India of my impending abandonment of my business is probably only one more added to the various devices resorted to in order to deter men from consulting me. I was amused to hear recently of a dialogue between an official of a certain Bank doing business in India and an Officer who is one of my oldest friends. He had caused his Policies to be sent home to this Bank for delivery to him with a view to consulting me. In delivering them to him the Bank official asked what he wanted them for, and on his mentioning that he intended to consult me about them the official said, in meaning

tones : " Be very careful : do you know anything about him ? " My friend's reply was to the effect that he had only known me about a quarter of a century : whereat, I am told, the Bank official looked rather sick. I am happy to say that my friend found ample reason to act on my advice, and promptly extricated himself from Policies in two of the worst Offices now doing business, but which no doubt have, from the Banker's point of view, the solid merit of paying grossly excessive commission. (7) I had a case in hand regarding a £5,000 Policy which I was arranging to place in a certain Mutual Office. The intending insurer,—a gentleman in a high position in life on whose word I have implicit reliance,—was living in London. One evening a person who gave his name as Toppin called at my house. He stated that he was a representative of the National Mutual Life Assurance Society—and I find that he is an Inspector of that Office—and said that he had called on me expressly at the suggestion of my correspondent, whose very words he professed to quote on this point ; and Mr. Toppin endeavoured to induce me to throw over the Office which already had the case in hand and to place the Policy with his own Office. Disbelieving that my correspondent had sent this Inspector of agents to me, I immediately wrote to him, and I received the next day a letter from him containing these words : " I never even suggested that he should see you and I never thought or gave him to understand that I would take a Policy out in his Company. I would not do such a thing." My correspondent further explained that Mr. Toppin had called *uninvited*. I ask my readers to judge whether my correspondent or Mr. Toppin has stated what is false, in this matter. I immediately handed the matter up to the Actuary of the National Mutual, and that person informs me that he has " made enquiries " (presumably from Mr. Toppin !) as to the statements in my letters and does not propose to take any action in the matter. In reply I have informed the National Mutual that I shall publish particulars of this incident in my next Pamphlet with the name of that Office, and I have added these words : " I am determined, " so far as in me lies, to clean out the Augean stable of Life Insurance by putting the public on its guard against the audacious " falsehoods by means of which the majority of Insurance agents " endeavour to induce the public to select their respective Offices, " and by which numerous Insurance Prospectuses tend to mislead " the public. At the same time I shall draw attention to a downright

" falsehood printed in your prospectus." That falsehood consists of these words: "The National Mutual dates from 1830 and has "therefore been in existence over 70 years." I invite the National Mutual Life Office to prove the truth of that assertion. As a matter of fact, two minor offices named, respectively, the National Life and the Mutual decided to amalgamate about the year 1895 and did amalgamate about that time under the title of "The National Mutual Life Assurance Society." One of these Offices was founded in 1830, the other at a later date. If a tradesman named Brown has been carrying on a business for many years and decides to take another tradesman named Robinson into partnership, the new firm might just as well seek business by at once describing itself as "The old-established firm of Brown & Robinson,"—which, in my judgment, would be a vulgar fraud. Altogether, I submit that the facts submitted in this note amply vindicate without any further proof my propositions that Insurance agents as a class are untrustworthy, and that the man who accepts as gospel the statements made in any Insurance Prospectus under the sun is extremely unwise.

#### CONCLUSION.

156. I don't think I can close this year's remarks better than by quoting from a letter which I have just received from a non-official correspondent in India. The sentiments which he expresses will awaken a sympathetic chord in many minds, and seem to me to sum up the question of Life Insurance in convincing terms. He writes as follows: "I am more than grateful for all you have "done for me. Had I not come to you I should most likely have "insured in some inferior Company, and not got half as good "terms as you have got for me, or worse still have not insured at "all. I cannot describe the relief I feel now that, come what "may, those dependent on me are to a certain extent provided "for. . . . I can quite understand how your correspondents "have increased, for I have recently met two men, and in this "little corner of the world, who have insured through you. You "may depend upon my sending as many friends as I can to you, "for their own sakes. **One of the things that one cannot afford to save on is Insurance.** Again thanking you, believe "me, yours very truly."

[THE END OF NOTES FOR 1906.]

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(NEW MATTER, 1907.)

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## PART VII.

NOTE.—THE FOLLOW PARAGRAPHS, WERE  
WRITTEN IN 1907.

## A BRIEF REVIEW OF MY WORK IN 1906.

157. The remarkable record of my work in 1905 has again been broken. The total numbers of my new cases since 1903 run thus: 419, 779, 976, and, during 1906, 1132. Against 8,765 letters written in 1904, and 10,580 in 1905, my correspondence in 1906 numbered 11,900 letters. This heavy increase in my work indicates increasing appreciation of the value of technical advice concerning Life Insurance, and, I trust, increasing difficulty on the part of Insurance agents to carry on successfully the business of persuading the public to insure in the individual Offices which they respectively represent. During the past year another Indian Office—hitherto one of the most exacting in its charges to Anglo-Indians—has followed the recent example of various others, and has reduced its climatic extras for India, and in another place in these notes I shall deal with a circular issued by an Indian representative of that Office, which with some trouble I have caused the Head Office to acknowledge as containing statements “not in accordance with fact.” Perhaps the most notable feature of my work of last year is the large number of cases in which senior Indian Officers and other Anglo-Indians of considerable age have insured, some of them on a large scale. Many people seem to think that Insurance is useless unless secured early in life. There can be no greater mistake. Early Insurance is most desirable, provided that young fellows do not commit themselves to premiums beyond their means. But there is practically no age at which Life Insurance cannot be effected with advantage in various circumstances. One of my clients of the past year is aged 70.

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One of the largest Policies taken out through me last year was for £10,000, secured by a gentleman now aged 66 next birthday; and I have all the greater satisfaction in this particular case, because my correspondent is a non-official. My home business remains trifling in amount. A few months ago the editor of an excellent Trade Journal, with a very large circulation, persuaded me to insert in his columns an advertisement descriptive of my work. I never spent £5 worse in my life. Unknown persons in this country have constantly applied to me for my Pamphlet, and almost without exception, when I have requested these people to examine my conditions as a condition precedent to my sending the Pamphlet, they have not written again, their sole object obviously being to get possession of the Pamphlet for their own purposes. I am all the more grateful to a few individuals who are conspicuous exceptions to my experience in this country, and to whom I am much indebted. Happily, my business chiefly lies with the Services, and with men of other honourable professions, and with Anglo-Indians generally.

#### A MANLY ACKNOWLEDGMENT OF ALTERED VIEWS.

158. It has been well said that only strong-minded persons are prepared honestly to own their errors. It gave me much pleasure to receive recently a letter from a correspondent beginning thus : "I may say before I go further that I had previously received your Pamphlet, but like many others I am afraid I was very sceptical." The writer proceeded to accept my conditions and ended with these words : "I shall be most grateful if you will give your advice to me, a former unbeliever." He was subsequently good enough to refer to my advice as "most kind and valuable," and to express his intention of acting upon it as soon as he is in a position to do so. He promptly abandoned a highly unprofitable and undesirable Policy.

#### MY CONDITIONS.

159. I would fain convey to my readers that which far too many of them thus far have apparently failed to grasp, namely, that the agreement which those who consult me enter into with me is a very real one. My work lies with gentlemen,

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and I have every right to expect that such persons will act in accordance with their position. Now, not one man, I suppose, in several hundreds of those who consult me would knowingly and intentionally break his word of honour, but I regret to say that many of them do in practice violate their agreement with me by disclosing to others various details of my advice. Now, what right has any man to pledge his word of honour to me and then to break it, whether he do so knowingly or negligently? That my conditions are fair and reasonable is proved to the very hilt by the fact that of more than six thousand correspondents only nine men have written to me objecting to those conditions, two of which nine subsequently withdrew their objections *in toto*. I could quote many hundreds of letters advertizing in express terms of approval to my conditions, but one may suffice. An Indian Railway Officer wrote thus to me : “ Before I go any further I must say that I agree entirely to all your conditions, which I consider absolutely fair and just. I cannot understand how any sane person could do otherwise.” Well, as I have stated over and over again in this Pamphlet, the fundamental condition on which my advice is given is that my communications and advice will be kept strictly confidential—a promise which I also reciprocally give on my word of honour to my correspondents. Is that a hard thing to expect? By dint of eight years of incessant work, ranging from 9 to 12 hours a day: by innumerable interviews: by a very considerable number of battles with dishonest Insurance Offices: and otherwise: I have collected a great deal of exceedingly valuable information as to the financial and moral character of the various Insurance Offices, and as to the advantages and disadvantages of various kinds of Policies for various purposes. I have also devised not a few original combinations of Policies, and have negotiated some exceedingly valuable modifications of ordinary Insurance schemes. By my conditions every particle of my knowledge is placed freely and unreservedly at the disposal of any man who agrees to my terms, and whom I believe to consult me in good faith. I charge not one penny for my advice or for any amount of trouble involved in carrying out men’s wishes. No person is bound to act on my advice who does not wish to do so. My advice is not given in the form of *ex cathedrâ* utterances of an oracular sort which have

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to be swallowed like so many pills, but is given in the form of a carefully reasoned and detailed statement which any intelligent man who will take the trouble to do so can understand for himself, and every proposition in which can be verified by independent enquiry. Is it then unreasonable to impose the stipulation that this information thus gained from me **shall be kept strictly confidential, so that no man living other than my individual correspondent shall be able to get the benefit of it?** I would illustrate this point by a very simple parallel case. Suppose one has made a very careful study, say, of American Railways, and is willing to give advice of great value to any person who applies for it on the express condition that that advice will not be passed on to any other human being. Is that condition unreasonable? What business have other people with the investments of their fellow men? What obligation is any man under, even to his dearest friends, to expound to them the nature of his financial investments? Surely, none. If one's friends ask one to give details of one's investments, what difficulty is there in saying that those investments have been made with the aid of an expert who has specially stipulated that his advice shall not be made common property by being passed on from one person to another, but that if the enquirer desires to have the benefit of that very information it is readily at his command on his adopting the simple expedient of applying to the expert for it direct? If anybody thinks my views unreasonable, the remedy is in his own hands, namely, not to consult me. But no man has a right to apply for my advice with full knowledge of my conditions, which he pledges his word of honour strictly to observe, and then to violate them by disclosing to his friends, or to any one of his friends, either the Insurance Office which I recommended in his case or the particular policy which seemed to me most suitable for his individual purposes. I could quote case after case in which men have allowed others to peruse my advice *in extenso*. It really is surprising that honourable men, who would be deeply hurt if their good faith were impugned, behave as many of them do about my advice.

#### A NEW IDEA.

160. It is my aim to write nothing in my Pamphlet which might induce foolish persons to do their own insurance, or which

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might enable unscrupulous imitators to make use of information got from me, wherewith to start in competition against my work. For this reason, save in two instances (since cut out), I have carefully abstained from supplying in this Pamphlet any examples of my method. Thus the Pamphlet is practically devoid of any definite proof of my assertions to the effect that bad Policies can as a rule be advantageously replaced by better ones, that the nett disparity of the various Offices is enormous, and that even if a man happen to know the best Office for his purpose, yet a still more important question remains for decision, namely, the question of Policy in all its attributes. My detractors may say that there is nothing in my Pamphlet which proves my thesis, and that after all I may be nothing more than a wind-bag, asserting at large, and able to prove nothing. Well, I have no intention of publishing evidence to the contrary, but my "new idea" consists in the compilation of a strictly private and confidential Pamphlet showing a number of concrete cases taken from my practice (of course omitting all clues to the identity of the persons concerned), and setting out in full a series of actual Policies or schemes submitted to me for advice, and the advice given. I think that if any man can rise from an examination of, say, 50 cases of that description unconvinced of the value of technical advice, he must be beyond the reach of argument. Every proposition set out in these illustrations is capable of verification by the reader, by the simple process of putting the necessary questions to the Offices concerned. For example, if I show an existing Policy in an Office, and I set down its maturity value at a certain sum (on the assumption that the latest-declared bonus rate of that Office be maintained constantly throughout the currency of the Policy), nothing is easier than for the reader to write to that Office and ask what would be the maturity value of the specified Policy at maturity, on the aforesaid assumption. By this private Pamphlet I shall take the reader absolutely into my confidence, and it will only be sent\* to persons who have first accepted my conditions in express terms, and whom from their position I feel that I can trust. Every man who takes the trouble to examine that private Pamphlet will be in a position to contradict in unqualified terms any of my back-biters who may venture in his presence to say that there is nothing in my work. *A propos* of the soundness of

\* I prefer to give inspection at my Office only. E.P.H., 25/5/'09.

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my work, it is an instructive fact that in, I think, three instances only has a reasoned attempt been addressed to me to controvert my conclusions. I except one or two other cases in which my correspondents, on hearing from me again, have come round to my way of thinking. In, I think, three cases only have correspondents stuck to their guns; and by an interesting coincidence those three cases all related to the very first Office which I examined with a view to my own Insurance in 1899, and rejected, deeming its peculiar principles (from which it has since itself departed) undesirable, and viewing its Policies as being tontines of the worst description. Now, if of the thousands of gentlemen to whom I have submitted my detailed views only a petty number have given me any reasons for dissenting from my advice, and if, as is the case, nearer four thousand than three thousand persons have already acted on my advice,—exclusive of my immense pending file,—I think I may fairly claim that the only reasonable inference is that my advice has stood the test of intellectual criticism. What is more, I am absolutely certain that if my method were open to successful attack it would have been torn to pieces long ago by one or other of the able actuaries of various insurance Offices which I have adversely criticised. It would have been the salvation of one office in particular, which now ranks low in public opinion in India, to have succeeded in discrediting me years ago by calm and reasoned published criticism. They have never dared to attempt it, and I take it that they never will, for I know that my work is sound, and, being sound, is invaluable to those members of the general public who avail themselves of it.

#### THE ROYAL LIFE OFFICE.

161. Various correspondents recently brought to my notice a circular issued in India by an Indian representative of the Royal Life Office containing misstatements of fact.\* When I had carefully examined the circular in question I addressed the Royal Life Office on the subject, forwarding a copy. With some little trouble I obtained an acknowledgment in writing from the Royal Office respecting this circular that it contains statements "not in accordance with fact." So far, good. Now, that circular had been widely scattered over India. I myself received several copies of it from Stations far apart from each other, and one of

\* This Office has recently given the lie direct to an Officer in the Indian Army!! E.P.H., 25/5/'09.

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my correspondents informed me that the circular was being largely circulated. Every reader of that circular was exposed to the danger of taking out a Policy in the Royal Office under the impression that a circular issued by an authorised representative of a large Insurance Office could not possibly contain false statements. Accordingly, on securing the above quoted acknowledgment from the Royal Office, I wrote thus : " Although you are blameless " thus far in the matter you will not remain so unless you take " steps to rectify the most serious misrepresentations to the Anglo- " Indian public which have as a fact been made. By remaining " silent, and by simply inhibiting the further issue of that circular, " you will become what in law is called accessories after the fact " by taking advantage of a false impression conveyed to the " public regarding the merits of your Office. You are morally " bound to undo the mischief which has been done, and if you " are not prepared to correct your agent's misrepresentations " with the same publicity with which he has circulated them, I " shall do it for you." That letter bore date 2nd August, 1906, and to the time of going to Press I have received no reply. I therefore beg to warn my readers that the said circular issued by an Indian agent of the Royal Office in 1906 was misleading, containing, in the language of the Royal Office itself, statements " not in accordance with fact." Having regard to this very serious matter, I have decided to insert in this Pamphlet comparative Tables contrasting the result of identical premiums applied in the Royal and in three other Offices at age 30 next birthday by an Anglo-Indian Civilian resident in India to (1) a whole-life Policy with-profits with premiums payable till death, death being assumed to take place at the date normal for a healthy person aged 30, and (2) a 25-year Endowment Insurance with-profits : the Policies being assumed as to the Royal Office to be taken out in the first year of a new quinquennium (an assumption which, in respect of a Table prepared in 1907, favours the Royal Life Office). The premiums shown against the Royal Office are at the new and reduced rates for India. The Tables speak for themselves, and I think it will take the Royal Office some time to succeed in satisfying any intelligent Anglo-Indian that he can get as good value for his money under existing circumstances by insuring in that Office as in any one of the three others used by

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**me for comparison.** But the question by no means rests there. A still more important point remains, namely, that of the future prospects of these Offices respectively. Now, the Royal Office has for long levied severe climatic extras upon Anglo-Indians. Thus, until this Office recently found it advisable to moderate its charge, its climatic extra for a Table I. whole-life Policy secured at age 30 next birthday was no less than £1 2s.3d. per cent. payable throughout Indian residence. According to its new Indian prospectus, that extra has now been reduced—and high time too!—to one of 15/3d. per cent. Similarly, its climatic extra for a 25-year Endowment Insurance taken out at age 30 was no less than £1 2s.8d. per cent., now reduced to 12/10d. per cent. Now, it will readily be understood that if this Office has found it expedient to cut away from itself a considerable proportion of its gains in premiums—even allowing these reductions on existing Policies!—this loss may seriously affect its bonus prospects unless the Office succeed in compensating itself by increased quantity for the impaired quality of each of its contracts, present and future, from the point of view of profitableness to the Office. Hence a pressing necessity devolving on the Royal to secure new business. Now, my work proves beyond controversy that it is becoming more and more difficult for any Office which is in the least degree inferior to any other Office to compete successfully against that other Office.

Since the charges of the other Offices quoted in my Tables are already strictly moderate,—and, I may add, since all those Offices are already on a basis of valuation much more stringent than that of the Royal,—these Offices are exempt from the particular danger of impaired profits now confronting the Royal, and thus instead of the Royal's finding it easier than before to secure new business, it seems to me that this result is at least open to question, for if, on the one hand, the Anglo-Indian public can obtain insurance from the Royal on cheaper terms than before, on the other hand, its Policy-holders (Anglo-Indian and others alike) have to reckon possibly with a shrinkage of income, and consequently with a possible shrinkage of future bonuses as well. The bonuses of the Royal, mediocre at best—only 30/- per cent. per annum simple (*i.e.* computed only on the original sum insured, and not on that sum plus

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previous bonuses, like those of every one of the other Offices quoted in my Table)—must to some extent have been dependent on the severe premiums heretofore charged to Anglo-Indians. Reduce those premium-rates, and you knock away, as it seems to me, a valuable prop of future bonuses. Accordingly, it is at least permissible to question whether the Royal will be able in the future, while charging substantially less for its Policies, to return to their holders the same scale of bonuses which it allowed before, or whether what its Policy-holders gain in reduced charges they may not at least partly lose in reduced bonuses. This possibility is neglected in my Table, but should be carefully borne in mind. Altogether, while the public could do infinitely worse than by insuring in the Royal, they can under existing conditions unquestionably do a vast deal better elsewhere.

The aforesaid circular is open to criticism in several other respects, but it is not worth further space. In passing, I may note that I find nothing in the said circular to draw attention to the fact that another feature of the Royal Office is that its Endowment Insurances as offered in its Prospectus only mature, and are payable, on the birthday selected, and not on the anniversary of those Policies. Thus, if a person whose birthday occurs on the 1st January takes out an Endowment Insurance on the 2nd day of that month for a term of 25 years, he is kept out of his money for 25 years and 364 days. Now, even at 3 per cent. the interest for 364 days on the proceeds of such a Policy for £1,000 (putting them at £1,360) is over £40—a loss not incurred by those who insure in certain other Offices.

#### THE UNITED KINGDOM TEMPERANCE AND GENERAL PROVIDENT INSTITUTION.

162. My attention has been drawn to a recent leaflet advertisement of this Office on the subject of its Endowment Insurances. This circular is conspicuously headed inside and outside thus: “**The most for the money.**” When we examine the circular we find that it contains the following statement:—“The following comparisons (extracts from a Table in ‘The Statist’ of June 16th, 1906) will be of interest.” Then follows a long alphabetical list of Insurance Offices showing the “Total Value of Policy at Maturity Obtainable for £10 Annual Premiums, plus Bonuses at same rate as declared as last Valuation. Age next Birthday,

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30." The figures of the U.K.T. & G. Office are shown in thick black type, and are conspicuous by their excellence. **Throughout the circular there is not a word of warning that any Office of which the figures would excel those of the U.K.T. & G. Office is omitted from this alphabetical list.** The list of Offices runs from A to Y, and I think that any ordinary person would naturally imagine that the list was a complete alphabetical list of British Life Offices granting Endowment Insurances; **but certain Offices granting Policies superior to those of the U.K.T. & G. have been excluded from the alphabetical list as published by the Statist.** I learn that some person recently walked into one of these omitted Offices with the circular and asked whether it was the case that that Office does not grant Endowment Insurances, and on learning that it does grant them that person immediately called for a proposal form and proposed for a Policy of £2,000, preferring not to deal with an Office which issues such a leaflet. If the authors of this circular intended and hoped to convey to the ordinary man the impression that their Office is the most profitable Office extant for Endowment Insurances, those persons are best left to the judgment of my intelligent readers.

#### SOME CALUMNIES EXPOSED.

163. I have already alluded in para. 124 to the calumny industriously spread concerning me by insurance agents and others that I invariably recommend one Insurance Office. I have there stated that I shall persistently recommend to every man for whom I think it the best the particular Office under reference, and shall continue to do so even if this course involve the extinction of my business. Warnings given to me by friend after friend show clearly that this matter should, in the language of Tennyson, be "met with and fought outright" by me without delay.

Before dealing with it I wish to make every reader understand one point, namely, that in the interests of my business I have a strong personal motive for recommending in each man's case the very best Office and the very best Policy available. Quite apart from the question of commission, it is most important to my permanent interests that after a man has once insured through me not even the ablest authority on insurance shall be able to point out to him that he can make a better use of his money for the

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future by discontinuing the Policy secured through me. Those who remain convinced that I have given them the best possible advice remain believers in my work, well disposed to me, and naturally willing at all times to advise others to put their interests into my hands. The man who, after insuring through me, discovered that he could have done better, and could still do better by adopting someone else's suggestion, would necessarily cease to believe in me, and my business would necessarily lose his support. Any man who fails to perceive that on the above-stated ground my own interests require that each person who consults me shall receive the very best advice in my power must be deaf to reason.\*

Next, it is not the case that I invariably recommend one and the same Office. Quite recently, last November, I found it necessary to recommend the Clergy Mutual Life Office (which pays no commission) for a £5,000 Term Policy. In my practice examples abound proving that in certain exceptional cases that admirable Office which I constantly recommend is inferior to certain other Offices, and is never recommended by me for such cases. In certain exceptional cases the only Office worth looking at is the Clergy Mutual. In certain other equally exceptional cases the only Office worth looking at is the Old Equitable; and neither of these Offices pays commission, yet in such exceptional cases those Offices would have my recommendation. What those exceptional cases are I will disclose with pleasure under my conditions, but not otherwise. Apart from cases of the kind referred to, I have constantly recommended a certain Office, and shall continue to recommend it as long as it may seem to me to be in every respect the best for any particular case, and I shall follow exactly the same rule regarding every other Office in the Kingdom, excluding those which, no matter how profitable on the surface they may appear, I know to be disreputable. I will never recommend an Office which I know for certain to be dishonest, for to insure in such an Office is to court disaster.

If the above-mentioned calumny be repeated to any reader of these lines, I would ask him to adopt a very simple course, namely, to request the person putting it forward to make his statement in writing and to sign it, at the same time warning him that it will be sent to me for my information. I am absolutely certain that

\* See also para. 186. E.P.H. 15/4/'08.

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not one man in a hundred of these backbiters will dare to run the risk of having to prove his words in a criminal court; and I think that all reasonable men will agree in holding that a person who will not say on paper over his own signature what he does not hesitate to utter verbally is unworthy of notice.

Amongst the many unscrupulous attempts which to my knowledge have been made in India to discredit a certain first class Life Office frequently recommended by me, and by means of which Office and other first-class Offices I have easily beaten the second-rate Offices doing business in that Empire, I can recall none more cowardly than that alluded to in a letter recently written home to a friend of mine soon after I had enabled him to effect in that Office an Insurance for a young officer. One of his family took the boy's Policy for safe custody to an Indian Bank, and, in the language of the writer of the letter, he returned home and "threw rather a bomb in our midst by saying "he had heard disconcerting rumours about the . . . Office, "and was debating whether H. should forego the £14 [already "paid under his Policy] and assure in another safer Company. ". . . he has heard . . . that they cannot possibly last "out more than another 10 or 12 years at their present low rates." Suppose for the sake of argument it were true that the Office in question "cannot possibly last out more than another 10 or 12 "years at their present low rates," and that within 10 or 12 years,—within 10 or 12 days, if you like,—that Office will find it necessary to increase its premium rates, and to charge persons insuring in it thereafter on a heavier scale, what of that? Is any man's premium liable to be enhanced under any circumstances whatever (unless he be foolish enough to insure on the discounted bonus plan, or on the system of the London Life and the Metropolitan Offices)? Of course it is not. The Policy once secured is a definite binding contract. An increase of premium rates is of no interest to existing Policy-holders, and therefore, so far as those persons are concerned, the argument is valueless, even if the facts stated were true. Secondly, it is a very instructive fact that **the Indian rates of the much abused Office have remained unaltered for many and many a year past**, while many of the Offices which until I appeared on the scene had it all their own way in India have

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come down in their rates one after the other with a chorus of explanations that actuarial investigations have satisfied them of the salubrity of the Indian climate. I no more believe that the Office in question will have to increase its premium rates than that two and two will ever make five. The difference between the charges and the returns to Policy-holders achieved by the Office under reference, and those achieved by the Offices in whose interests the lies in question are concocted, is fundamental. In respect of every source of profit it is their superior. Nor need simple-minded persons imagine that the reductions of premiums which my work has forced on the inferior Offices imply that henceforth they will give as good a return to future Policy-holders as the first class Offices were already giving. Such bonuses as the inferior Offices were paying necessarily depended to a considerable extent on their unholy gains in the shape of monstrous Indian extras; and when those Indian extras are heavily cut down, the shrinkage of premium-income thence ensuing must infallibly tell to a substantial extent upon their ability to maintain their previous rates of bonus. What is more, the inadequate scale of the reserves of various inferior Offices exposes their Policy-holders to another and a distinct danger in respect of bonuses, namely, that the same fate may befall them which recently befell the participating Policy-holders of the Standard Office. I told my readers years ago that the reserves of the Standard Office were on an out-of-date basis, and I warned them of the effect upon the Standard's bonuses which might result from any attempt to strengthen those reserves. My words came true at the valuation of 1905, when the Standard found it necessary to appropriate to that strengthening process every penny of its surplus of the quinquennium which ended in that year, save £5,000. The irony of the insinuation above described will be better appreciated when I add that the very same mail which brought home the letter from which I have quoted also brought home a proposal to the calumniated Office for a with-profit Policy of substantial amount, applied for by a responsible representative of the very Indian Bank which did its best to poison the mind of the young Policy-holder's family, and to induce them to drop his Policy in that Office with all speed. Indian Insurance agents should remember that I do not spend my life like a hermit in a cave. I hear a good deal, and when I hear things I know how to make use of my knowledge, and nothing pleases

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me better than to expose attempts upon the credulity of hard-working and self-denying professional men.

I would add that one of the most conspicuous and most gratifying features of my work which a close scrutiny of my Policy Register would disclose is the astounding rarity of surrenders.\* Excluding cases in which, in pursuance of schemes carefully worked out by me, non-participating Policies taken out in the first instance have subsequently been discontinued and replaced by better Policies as a permanent holding, I think I am safe in saying that certainly not more than one Policy out of every 200 Policies effected through me has been surrendered; and in the majority of such cases the Policy-holders have done me the courtesy of writing to explain why they surrendered, not through dissatisfaction with their Policies, but for other good and sufficient reasons. This practical absence of surrenders from the Policies which are effected through me is one of the reasons why business sent by me to Insurance Offices is so valuable. A Branch Office involves expenditure for rent, salaries, advertising, and so on, besides, I am given to understand, some form of additional commission in excess of the ordinary scale. All these expenses are saved by the Offices in respect of my work. Moreover, my clientèle is exceptionally desirable, consisting as it does for the most part of lives already selected under medical examination for Government Service, Naval, Military, and Civil. My work thus tends directly to improve the bonus rate of those Offices which get the benefit of it.

#### ANOTHER ARTIFICE EXPOSED.

164. Perhaps the most singular objection to consulting me of which I have yet heard is that kindly communicated to me by a correspondent lately, who writes thus: "I am very grateful to you for all the trouble you have taken on my behalf and shall lose no opportunity of making your work known. But I find it is well known . . . . Some men seem to be rather deterred by the fear that in the event of your death your work would stop, and they would somehow be let in—unreasonable, I admit, seeing that their insurances would be completed." Why, of course they would be completed! This fear, I have not the slightest doubt, also arises from a tainted source. I have

\* Still the case. E.P.H., 25/5/09.

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severely handled the Indian Insurance agent, I have induced hundreds, and now, I think I may almost say, thousands, of men to drop wretched Policies under which those Insurance agents drew heavy commission,—they cannot touch my figures,—and they cannot even obtain an agency of the Office which I have in the greatest number of cases recommended. Thus, they are doubly furious, and many of them spend much time in abusing me and in inventing reasons to deter men from consulting me. The rumour circulated last year that I was abandoning my work had no other origin. This is a new device. The other had at least the merit of ingenuity, for if I had stopped my work I could not be consulted. This last excuse is pure rubbish. When a man has chosen his Office and his Policy, has taken it out, and has handed it over to his Bankers for safe custody, the matter is absolutely completed, and it would not matter to his interests one farthing if I died the same day. One might just as well be deterred from buying a horse on the strength of the advice of a well known veterinary surgeon because soon after one had bought it that surgeon might die. What matter if he does? But this deterrent is doubly nonsensical, because **my death will have no effect on the continuance of my work at all. It will be carried on as before, and possibly in some respects more ably than it has been done by me.\*** I take this opportunity of tendering my grateful thanks to the correspondent who made me aware of the impression in question. It is only through the disinterested kindness of friends that I become aware of attempts of this sort to discredit my work, and thus find an opportunity of defeating them.

#### SOME MISCONCEPTIONS CLEARED UP.

165. Not a few correspondents have written to me under the impression that unless the full number of premiums contracted for has been paid before death occurs, the sum insured will not be payable in full at death. **The very essence of life-insurance consists in the fact that it secures a large sum from the moment when the first instalment of the first premium is paid.** This fact, coupled with the absolute safety of the investment and the inducement which a Policy gives to systematic saving, is just what makes life-insurance so desirable.

\* See para. 195. E.P.H. 15/4/'08.

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Another correspondent, whose Policy contained the privilege that each premium paid secured a proportionate part of the sum insured, imagined that the meaning of this condition was that in case death occurred only that proportion of the sum insured would be payable which the number of premiums paid bore to the full number of premiums payable. Of course, this idea also is erroneous. The condition in question is only meant to reserve an option of discontinuing further payments at pleasure, and in that case claiming a proportional paid-up Policy, and the condition has nothing whatever to do with the contingency of death.

Another correspondent surpasses all others in unreasonableness. I got him, at his request, a quotation for a contingent annuity to be payable to a relative from the date of my correspondent's death. When he was medically examined his health was found to be much impaired, and accordingly a very high special rate was charged in accepting his proposal. He wrote to me an indignant letter accusing the Insurance Office in effect of attempting to trick him by luring him on with a moderate quotation, and then enhancing it after having secured his proposal. Needless to say, after pointing out to him that all quotations of rates, whether in prospectuses or furnished on special application (without any reference to the health of an individual), are intended to apply only to first-class lives, I received no reply. Silence is a very convenient argument for those who have nothing to say for themselves. Of course the mere fact of putting in a proposal and being medically examined commits a person in no way. He can accept or reject the terms offered to him as he pleases.

I have also to correct two curious misapprehensions as to the scope of my work. One officer was doubtful whether I advise those who are not yet insured at all. My reply ran as follows: "It is just the other way, that part of my work giving me unmixed pleasure, while the process of showing a man good reasons for getting out of an existing Policy and replacing it by a better one is a very unpleasant duty, because it necessarily involves a demonstration of the inferiority of his existing Office. "I often feel how thankful I should be if I had no work except new work, when I have a fair field, and can show a man the best Office for his case, without saying a word against any other Office." Another officer felt doubtful when addressing

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me whether or not I advise those who are already insured. Many hundreds, if not thousands, of Policy-holders could answer that question in the affirmative, and could add that they have substantially improved their position by acting on my advice.

### CASUAL INSURANCE.

166. Here is a specimen of the manner in which too many persons take out their Insurance Policies. One writes to me thus : " Both were taken out quite casually in the first Office that presented itself, at the price and on the conditions they chose to offer." No wonder that men are looted by too many Insurance Offices.

### THE STANDARD LIFE OFFICE.

167. Enquiries have reached me from various quarters concerning a rumour as to the stability of the Standard Office, predicting that that Office will shortly " break up." I think it is right, since I have found it necessary to criticise that Office in various respects, to state publicly my belief that the Standard Office is, and will remain, solvent, and fully equal to meeting its legal obligations. I consider that its Policy-holders may be perfectly easy in mind as to receiving, when due, the sums definitely secured under their Policies. But the real question in connection with existing Insurances, whether sharing in profits or not, is larger, namely, whether one is likely, so far as human foresight can extend, to secure the best possible return for one's payments by remaining for the rest of one's time in the Office in which one is already insured, or by exercising one's legal right of closure, after first securing a more advantageous Policy elsewhere; and that is the great question which every Policy-holder who is not himself a competent expert should submit without the smallest delay to a reliable technical adviser.

### THE MORAL VALUE OF LIFE INSURANCE.

168. The longer I work, and the more I learn the experience of others, the more profoundly convinced I am that, next after Insurance protection, by far the greatest benefit conferred by a well-chosen Life Policy consists in the help which it gives

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towards systematic saving, and that there is no more absurd test for and against life Insurance than the test of return in compound interest at the time when the Policy is expected to be payable. Not one person in ten is able to invest money every year with the regularity of clockwork, except by means of Life Insurance. The effect of standing committed to an Insurance premium is that the Policy-holder, so to speak, writes it off his income. Most persons have sufficient strength of mind to live within their income, and the Insurance Policy cuts down one's income, and that is an end of it. In this connection I think that the following extract from a letter to a correspondent is perhaps worth studying: "It is merely childish, if you will "excuse my saying so, to weigh the merits of Life Insurance by "the test of maturity value and compound interest. You might "just as well decide for or against the expediency of buying a "pistol when starting on a dangerous journey by the criterion of "what you can sell it for at the end of that journey, and "whether its price will not give you a better return if otherwise "invested meanwhile. How can you confidently lay down as a "certainty the fact that you will be alive at a certain age while "other men die all round you? I fully acknowledge, and I have "never disputed, that if any one of us had an absolute guarantee "of life up to a certain age he would be a fool to insure (except "indeed from one other standpoint, namely, the gross improba- "ability of any ordinary man's saving money with infallible "regularity). I fully recognise that it is an obvious financial "impossibility for an Insurance Office to give at the end of an "agreed-upon term of years as good a return for money in "addition to accepting a heavy risk meanwhile as any ordinary "private investment of equal safety can give which runs no such "risk. But the little rift in your lute consists of the fact, which "is painfully clear to me from my work, that life is absolutely "uncertain, and I look upon it as something akin to a sin on the "part of a young married man whose wife is not otherwise "sufficiently provided for to disregard the inestimable advantages "of investment by Life Insurance."

The following words of one of my ablest correspondents, in the same connection, are of great value: "I entirely, and whole- "heartedly, endorse what you say as to Life Assurance being

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" emphatically the best investment for the savings of those who  
 " have others dependent upon their incomes and lives. I wish  
 " that I had thought more of, and realised, this earlier. It is no  
 " doubt because men do not give thought to the subject that they  
 " do not insure. Young men do not, as a rule, think much of the  
 " future. And thus men, like myself, let the advantage escape  
 " them of insuring while they are still young. But I am now,  
 " through my correspondence with you, so fully alive to the  
 " advantage and necessity of insurance that I shall feel  
 " that I am doing my friends a good turn if I can impress  
 " this view upon them also, and can induce them to come  
 " to you for advice upon the subject."

#### A "SATISFACTORY RESULT!"

169. A well-known financial newspaper contains a notice regarding the 1906 business of a certain Insurance Office, and commences with these words: "The Report . . . shows an increase in business and a satisfactory result of the year's operations. The new Assurances issued were 936 in number, for a total sum of £753,652, yielding annual premiums of £24,331." Now, the new Assurances issued by the same Office in 1905 were fewer in number, namely, 775, but they were for a total sum of £854,175, yielding annual premiums of £28,108. To grant two Policies each for £500 secures no more business to the Office than granting one Policy for £1,000 under identical conditions secures. Thus a mere increase in the *number* of Policies implies no increase in new business. If a shrinkage of the new business of an Office by more than £100,000,—*i.e.*, by nearly 12½ per cent.,—and a shrinkage of new premiums by nearly £3,800,—*i.e.*, nearly 14 per cent. of the whole,—means "an increase in business and a satisfactory result of the year's operations," all I have to say is that language has no meaning, and that black is white.

#### EMPLOYERS' LIABILITY.

170. The new liability of employers can at present be cheaply insured against, and, if only to save himself from the intense vexation of a lawsuit, every employer ought to take out one of these Policies, and I think I can mention the best Office for the

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purpose. How soon, however, the degrading process of sapping individual responsibility and respect for the rights of property, upon which the present House of Commons is intent, will lead to an alarming increase of injuries to servants and of the premiums necessary to insure against them, no man can tell.

#### BLINDFOLD INVESTMENT ONCE MORE CONDEMNED.

171. Readers of my 1905 Pamphlet are aware that shortly after the failure of William Watson & Company, involving as that failure did widespread disaster and misery, I inserted in para. 111 a solemn warning against the unwisdom of entrusting one's money to firms concerning the working of which nothing is publicly known. Not long afterwards I was consulted by a Madras correspondent as to the disposal of the proceeds of his Policy then about to mature, and, his object being provision for his widow, I advised him to use those proceeds as a single-premium wherewith to purchase a whole-life Policy payable at his death, in preference to depositing the money with Arbuthnot & Co., as he would otherwise have done—10,000 rupees. He acted on my advice, and duly secured his Policy. So pleased was his wife, who had some money in deposit with Arbuthnot & Co., that she consulted me as to whether it would not be a good plan to take out another identical Policy on her husband's life. In reply I wrote as follows :—

" Then as regards the investment with Messrs. Arbuthnot & Co. at 5 per cent., this rate of interest would eventually leave the single-premium Policy considerably behind, but I should like to know what guarantee you have of the solvency of Messrs. Arbuthnot & Co. May they not be just as unsafe as William Watson was? For my own part, I consider that the prospect of a return of about 4 per cent., coupled with absolute safety of the sum invested, and with the certainty of a tremendous profit if your husband happened to die before his time, is distinctly preferable to 5 per cent., and leaving your money in the hands of a firm of whose real financial position you have no knowledge whatever."

The lady concurred in my views, withdrew her deposits, and saved her money. I repeat once again my firm conviction of the grave imprudence involved in leaving one's money in the

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**hands of firms which do not publish their accounts;** firms which may be as rich as millionaires, or may be absolutely insolvent and bound to close their doors before long. In my judgment, and especially so with regard to the political outlook in India, it is not expedient for those whose future income must in any case be largely dependent on the stability of our Indian Empire to invest their money in that country. On the contrary, the first principle upon which they should proceed is to remove as many of their eggs from the Indian basket as they possibly can. Secondly, I would not invest one shilling with people who decline to publish their accounts. They may have excellent reasons for declining to do so, but the fact remains that in the absence of this safeguard no man can tell their real financial position, and therefore to deposit one's money in their hands is to take a leap in the dark. **Single-Premium Insurance furnishes a complete solution for Anglo-Indians of the problem of investing their savings both safely and profitably until retirement or death.** A single-premium Policy involves no further liability in premiums. Such a Policy need not be taken out for the whole of one's life, but can be taken for any term of years preferred. For those, again, who find it indispensable to have their money available at call, at a moment's notice, I can suggest a safe investment at 3 per cent. compound interest in this country. Perhaps the most instructive incident in my experience connected with the failure of William Watson & Co. was that the very first person to make me aware of their failure was a widow whom I had earnestly begged to remove her money from their hands about a year before the crash. Her reply was that her dear husband had thought so highly of the firm that it would have hurt his feelings to know that she was leaving it. She stuck to the firm and practically lost everything that she possessed. Sentiment can go too far. My business has suffered severely through the failure of Arbuthnot & Co. Man after man who had intended insuring through me has found himself unable to do so. One correspondent wrote thus : " No doubt you have heard of the terrible Bank failure in Madras " of Messrs. Arbuthnot & Co. I regret to say that I lost all my " seven years' savings. . . . Many poor people have lost " their savings, and are ruined for life. These poor ones are the " people I feel for. I rejoice to think that I have insured myself,

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"for had I not done so even that which I have spent on my premiums would have vanished to." Every reader of this para. who has such deposits should take it to heart and act at once.

#### INCOME TAX REFUNDS.

172. The conditions on which my advice is given by no means preclude those who insure through me from claiming refunds of income tax, lest they thereby disclose the name of the Office recommended by me. I mention this fact as I learn that one officer has generously abstained from claiming income tax refunds from fear of deviating from his agreement with me.

#### ALL CORRESPONDENCE WITH OFFICES SHOULD BE PRESERVED.

173. I would earnestly impress on my readers the importance of preserving as carefully as one's Policy all correspondence connected with it. I have a case in hand in which, solely in consequence of the Policy-holder's preserving every line which he had received from the Insurance Office, he has asserted through me important rights in a manner which otherwise would have been impossible. Just the other day a correspondent wrote to me stating that he had been categorically assured in writing by a certain Office doing business in India that he would be a gainer by dating his Policy for a term of 20 years back to the eve of that Office's valuation date, whereas by doing so he made his Policy mature on the corresponding date on the eve of a new valuation, and to his very serious pecuniary loss. The deceitful letter in question would have been most valuable to the Policy-holder and to me, but unhappily he writes saying that as soon as he had secured his Policy he destroyed all the correspondence, and that he has even destroyed all his premium receipts except the last. Not as to Life Insurance only, but in all business relations of life, it is a golden rule to err on the side of over-caution. I have rarely destroyed old documents without wanting them almost immediately afterwards.

[Since the foregoing passage was put into type, only my inveterate habit of keeping, and filing for reference, business papers has enabled me triumphantly and at once to refute a totally false suggestion addressed to me, in most insolent terms, by the London firm of certain Indian Tailors, in connection with an unfounded claim

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upon me made by that firm on account of goods never supplied to my family, and which claim had already been unreservedly withdrawn in suitable terms by the Indian firm. I think that the London firm in question, and also their solicitors, will remember the incident for some little time to come.—E.P.H., 22/6/07.]

#### OFFICE ERRORS.

174. It ought to be unnecessary to point out that, since no human institution is infallible, mistakes must creep into the work of Insurance Offices now and then, and that if any person discovers such a mistake in his own favour he is bound in honour to draw attention to it, and to give the Office an opportunity of putting it right, just as much as he would take good care to do so if the mistake told against himself. During last year, I much regret to have come across a case in which an officer holding his Majesty's Commission, and in whose case such a mistake occurred, has failed, although made aware of it, to set it right. The Office in question would never dispute on such a point, but I make bold to say that the Policy-holder in question is a greater loser than the Office, because he cannot have preserved his own self-respect.

#### MARRIAGE SETTLEMENTS.

175. I am constantly hampered by the fact that Policies capable of immense improvement are included in a Marriage Settlement which reserves no power even to the Trustees, and much less to the husband and wife, to surrender those Policies after replacing them by better ones. It is not everyone who cares to face the expense of applying to the Court of Chancery for permission to set aside a Settlement (although that has been done with brilliant success in a case already referred to in para. 152 of this Pamphlet). No man ought ever to consent to a Marriage Settlement which does not reserve to him and his wife jointly power to change an Insurance Policy therein included for a better one if need arise. Many Settlements would compel the payment of another premium to an Office even though it were notoriously on the brink of collapse: even though it were known to be about to bolt from its London office in the night, as an American Office recently did. Such a state of things carries condemnation on the face of it.

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**PARTICIPATING *versus* NON-PARTICIPATING POLICIES.**

176. Shortly after the failure of the Standard Life Office in 1906 to declare a bonus for its past quinquennium, some of my correspondents stipulated that any Policy recommended by me should be one not participating in profits. With all respect for those gentlemen I beg leave to remark that such a stipulation is extremely foolish. No doubt a Policy-holder who has seen his bonus-rate heavily drop at one valuation after another,—such as the bonuses of the City of Glasgow, which at the valuations of 1894, 1899 and 1903 were at the rates of £1 6s.od. per cent. compound, then 11/- per cent. compound, and lastly 6/- per cent. compound respectively,—or such as the bonuses of the Equity and Law, which marked almost as alarming a drop between 1884 and 1904, the aggregate amount of its whole-life bonuses in the average lifetime of a person 30 years old next birthday when insuring dwindling from £114% according to the valuation of 1884 down to £43% according to that of 1904,—such a person, I say, might well be excused if in insuring again he resolved to have nothing to do with the bonus system, but to be content with a fixed and definite contract which not only the above-mentioned Offices, but certainly seventy out of the eighty odd British Life Offices also, would be safe to perform. Even a writer in the Financial Supplement of the *Times* was foolish enough to advocate the non-profit system as preferable to that with profits. He only showed his ignorance, not only in contending that the reasons justifying the bonus system have ceased to exist, but also in implying that the public cannot insure with ample security on that system, provided always that they have the sense to choose their Office and Policy under competent technical advice. Undoubtedly it is preferable for uninformed members of the public to insure without profits if they will not take advice, but even then it is unlikely that they will choose the best Office for their purpose. But it is mere folly to contend that under no circumstances is a participating Policy preferable to one without profits. In certain cases a non-participating Policy should be chosen. In certain other cases the converse of that rule applies, and those who want to get the best value for their money in this as in every other respect are only likely to do it if they recognise that the subject

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is too technical for the ordinary man to handle with safety for himself.

#### SOUND ADVICE TO SUBORDINATES.

177. It gave me much pleasure to read the following passage in a letter from a non-official in India who had been good enough to insure through me: "I think you will shortly have my assistant "putting a Policy through by your help. **It may not be much,** "but I have strongly advised him to make a kick-off. I "wish someone had told me of you when I was his present "age."\* I am very glad to say that during the past year I have had the pleasure of effecting a Policy costing 12s.9d. per annum for a domestic servant, who, instead of paying 13s.od. per annum for life (with liability to enhancement, too !) for a whole-life without profits Policy for £24, now pays 12s.9d. a year for a with profits £23 Endowment Insurance standing to be worth about £44 at age 55. No one is too young to insure, and no one is too poor to insure. I had every bit as much satisfaction in helping that servant as I had in helping a wealthy correspondent about the same time to effect a £10,000 Policy, although I got nothing out of the one case and got a good deal out of the other. **If the head of every Office, the Colonel of every Regiment, the head of every Department, will make a point of impressing on those subordinate to him the value of Life Insurance and the value of making an early "kick-off," he will render a service for which, in the majority of cases, I am confident that he will be remembered with gratitude by those who follow his advice.**

#### UNSIGNED LETTERS, ETC.

178. I frequently receive letters unsigned† and which fail to quote the numbers of my own letters to which they are replies. This of course involves much worry and waste of time, and may endanger the interests of the writers. I shall be very grateful if in future my correspondents will always quote the number of any letter from me which they are answering. I can then locate my absent-minded correspondent by referring to my own register of letters despatched.

\* See also para. 137. E.P.H. 15/4/'08.

† I received one by last mail. E.P.H., 25/5/'09.

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## NEWSPAPER ADVICE.

179. Two correspondents have recently referred me to newspaper articles, one in the *Standard* newspaper and the other in *Truth*, both specially recommending the Old Equitable Life Office for deferred assurances for children, and almost at the very same time. It would be interesting to learn whether the authors of the newspaper articles in question are aware that vastly better terms for similar Policies can be obtained from another Office of the highest class, as prosperous regarding new business as the Old Equitable during the past decade has been the reverse, and an Office of which it can be said that its bonus rate has never once gone back in its history, which is more than can be said for the Old Equitable. According to my calculations, the very same annual premium necessary to secure in the Old Equitable a £1,000 Policy vesting at age 21 and payable at death, and standing to be worth at the date of death normal in the case of a child just born £2,007, suffices to secure a similar Policy (but one possessing a most important element of superiority over that of the Old Equitable Office) standing to be worth at the same date of death £2,473, a difference of £466 nett. If it be argued that the Old Equitable would assert its superiority in case the child lived to age 70 (a preposterous assumption to make), I am prepared to prove that at present bonus rates of both Offices the other Policy would give the Old Equitable one a still worse beating amounting to £591 nett. The moral of these remarks is that there is no more foolish course in connection with life insurance than to accept and act upon the advice of newspaper writers whose identity and antecedents are not thoroughly well known. Giving such persons credit for absolutely good faith, I prove by my figures just quoted that the writers mentioned above displayed lamentable ignorance in specially recommending the Old Equitable for the Policy in question.

## THE UNCERTAINTY OF LIFE.

180. Two recent cases forcibly illustrate the great danger of needlessly delaying to act. A young officer applied for my advice, and I sent it at once. My letter concluded with these words : " Hoping that the above remarks will help you in your choice, " and with the final warning that when once you have made up

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"your mind you should act at once and without delay, I remain.  
"etc." That young officer did delay, and has since died uninsured, I regret to say, not leaving enough assets to meet the liabilities—a fact which may have embittered his last conscious hours. Again, last September I was consulted by a medical officer, and sent him my advice by return mail. In acknowledging my papers he wrote thus : "They will require some few days to be "considered, so I will write you very soon again." In reply I wrote thus : "I quite agree with you that the papers sent out to "you require careful consideration. But I do hope that as soon "as you have made up your mind you will act upon it without "further delay, for life and health are most uncertain." That officer has since died without having completed his Policy, struck down by a deadly disease to which almost every man in India is at present exposed. I cannot too emphatically insist on the importance of prompt action after full and careful consideration.\*

#### CONCLUSION.

181. It has been my practice to close my Notes for the year by quoting a few words from one of my many letters. The following words recently addressed to me by a Railway Official may fitly terminate these Notes. He wrote as follows :—"I cannot "tell you how grateful I feel to you for your advice, and I only "wish I had had the good fortune of hearing of you before. To "think for an extra £8 a year I have been able to get half as "much again with infinitely better profits, and at my age! I "shall not fail to impress my friends who are already insured, "or are thinking of doing so, with your existence. I have already "written to one of my brothers who sails next week, and told "him not to fail to come to you for advice, and have also sent "him your Pamphlet. [The brother duly came to see me and "effected a large Policy through me.—E.P.H.] . . . Again "thanking you for your valuable advice, and for all the trouble "you have taken in my case, and trusting that many more will "hear of you out here, Yours truly."

[THE END OF NOTES FOR 1907.]

\* See also para. 194, also para. 224. E.P.H., 25/5/'09.

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(NEW MATTER, 1908.)

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## PART VIII.

NOTE.—THE FOLLOWING PARAGRAPHS WERE WRITTEN IN 1908.

## A BRIEF REVIEW OF MY WORK IN 1907.

182. The remarkable record of my work in 1906 has again been broken, notwithstanding an unprovoked attack upon me in the columns of "Truth" of 10th and 17th July, 1907, palpably designed to destroy my business. The subjoined Table vividly illustrates the steady progress of my new business :—

Year.	New cases.	Letters despatched.
1902	366	No record
1903	419	No record
1904	779	8,765
1905	976	10,580
1906	1,132	11,900
1907	1,148	13,194

This heavy increase of my work has taken place although, in consequence of the aforesaid attack upon me, the issue of my 1907 Pamphlet was delayed by nearly two months, so that I think it was not in men's hands in India before the month of September. My new cases received during October amounted to the enormous number of 220, far excelling my previous record, but the usual and inevitable exodus from Headquarters of Officers, Civil and Military alike, which takes place in October told its usual tale. Had my Pamphlet been sent out, like that of 1906, at the end of June, I have no doubt but that the response during August, September, and October would have resulted in an overwhelming preponderance of new cases of 1907 over those in the corresponding months of 1906. In spite, however, of this adverse

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## " TRUTH."

Some of my readers may think that the passage facing this inset by which I charge "Truth" with "accepting insulting lies without adequate investigation" is unwarrantable. I would refer any such reader to *The Times* of this date, page 3, in which the result of the libel action "*Goodwin v. Labouchere*" is published. I am content to describe "Truth's" conduct in the language of its own leading counsel, Mr. Duke, K.C., and I would add that I have not the remotest doubt but that a similar result would have followed "Truth's" insulting accusations against one of our Bishops if "Truth" had not abjectly withdrawn its accusations in its next following issue. The disgraceful conduct of "Truth" in forcing the plaintiff in this case to go to the enormous expense of an action at law and confronting him with three Counsel and then unreservedly withdrawing its accusations on the mere unchallenged evidence of the plaintiff—which, doubtless, might have been placed at the disposal of "Truth" before a penny of legal expenses had been incurred—will not be lost on intelligent readers. I say that in the circumstances disclosed in this case the person responsible for the lies published in "Truth" should be punished as being guilty of infamous conduct: and it would be well for the public if his paper were suspended for a few years. The law gives no adequate protection to innocent persons falsely accused without due investigation by such a paper as "Truth"; and it is a scandal that Mr. Labouchere is allowed to escape the consequences of his calumny by the mere process of drawing a cheque for £500 and the payment of costs, which I suppose his pocket will not feel in the least. Mr. Labouchere should be made to smart in his proper person for the manner in which Mr. Goodwin has been treated. "Truth's" leading Counsel expressed himself as follows: "**The defendant had been misled into an attack on Mr. Goodwin which he regretted and withdrew unreservedly. The plea of justification would be withdrawn, and the defendant would consent to a verdict for the plaintiff for £500 with the usual consequences.**" **Judgment for the plaintiff accordingly for £500 with costs.**

fact it will be noticed that my new cases have again beaten the record.

"Truth's" articles were written by a person named William Schooling. They have already been answered fully by me in a preliminary note prefixed to my 1907 Pamphlet. Since the issue of that Pamphlet I have received many sympathetic and indignant communications from Officers of all Services. Space will not admit of my reproducing here any of those communications save one, which I print with the permission of the writer, Captain F. A. Iles, R.E. This Officer consulted me in 1905 and I advised him as seemed to me best in his interests. On perusing my reply to "Truth" in my 1907 Pamphlet, Captain Iles,—who has never seen me but knows his own experience of me and knows what possibly the persons responsible for the contents of "Truth" do not know, namely that the Covenanted Civil Service of India does not retain in its ranks for 25 years hypocritical scoundrels such as "Truth's" articles plainly implied me to be,—addressed me in the following terms : "I am writing, as one of those whom "you have helped, to offer you my sincere sympathy in all the "trouble and annoyance you have been through, and of which I "have only just learnt through your pamphlet received by this "mail. I wish to place it on record here, in the hopes that you "will make use of this letter, that the advice which you gave me "about my insurance, upon which I acted and for which I will "ever be grateful, profited you not one single pie." The quotation of further comments on "Truth's" attack on me would, I think, be superfluous. I am proud to mention that I now share the honour of having been calumniated by "Truth" with one of our most respected Bishops, concerning whom a dastardly paragraph (withdrawn in the next number !) was inserted in "Truth" of 4th December, 1907, accepting insulting lies without adequate investigation, and inserting them without giving the injured person any previous opportunity before publication of correcting them. And I deem it a compliment to have been attacked by a newspaper, an apparently editorial writer in which was not ashamed to describe at page 1428 of "Truth" of 11th December, 1907, an artifice, viz., "mumbling out" an important amendment, by which he succeeded in tricking the House of Commons.

As to Mr. William Schooling, I addressed to him on 19/12/'07

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the subjoined letter, registered, which speaks for itself, and I need hardly add that Mr. William Schooling's writ has not yet been served upon me !

" Sir,

" I desire to inform you that with reference to your lying " articles in "Truth" of 10th and 17th July last concerning " me and my work, I have charged you with full publicity " in these words : " I personally am satisfied that he knows " " that he has laid a charge as foul as it is false in order to " " destroy a business which is inconvenient to himself and " " his kind." These words impute to you malicious falsehood, and, unless true, constitute an abominable libel. Do " you intend to sit down under them, or when may I have " the satisfaction of receiving your writ? If you imagine " that Officers of any branch of his Majesty's Service, or " the members of any of the learned professions, will give " you credit for good faith if you plead that I, a barrister-at- " law of 36 years' standing and a retired member of the " Covenanted Civil Service of India, am unworthy of your " notice, and that my statements can be ignored by you with " impunity, you labour under a pitiable delusion.

" Yours faithfully."

A correspondent recently wrote to me the following words : " I only read your last pamphlet the other day. Did Mr. " Schooling summon up courage to ' go for ' you? What a vile " thing is Journalism nowadays! " No, Mr. William Schooling knows better. The more Mr. William Schooling attacks me in the future, the more he will help my work, for a man who will submit to be denounced publicly as a liar as I have denounced him, and will not attempt to vindicate his reputation in Court, can only do me a service by his abuse and calumny. There is not a British Jury which could be constituted that would not hold that in the articles written by Mr. William Schooling in " Truth " concerning me there are falsehoods. The subject would be wholly unworthy of reference but for its direct bearing on the interests of all who desire to insure. Every man who has been deterred by Mr. Schooling's lies from consulting me may have suffered a grievous injury; and if any persons have been ill-advised enough to act on various

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recommendations as to life insurance in the columns of "Truth," they also have suffered a grievous injury. For example, in the said article Mr. William Schooling, who sought an opportunity of attacking me, and in so doing did not hesitate to garble my language in order to suit his purpose, felt justified in referring to the four non-commission paying Offices as being "superlatively strong and amazingly successful." He also ridiculed as "nonsense" the opinion expressed in my Pamphlet that these Offices appear to be on a down grade. I find in "Truth" of the 25th December, 1907, on page 1574, an article discussing mutual Offices and containing the following instructive words: "some of them go so far as to employ no agents, and pay no commission. There is a good deal to be urged in favour of this course, **but I am by no means sure that these non-commission paying offices will be able to keep going on in a satisfactory fashion very much longer.**" That is just precisely what I ventured to argue. But evidently in the judgment of Mr. William Schooling what is "nonsense" in my mouth is wisdom in his own. And many people may have insured in conformity with Mr. Schooling's preposterous praise of July last before he saw fit to cover his retreat by the above expressions last December. Those expressions were not ill-chosen. Take the Metropolitan Office, for example.\* That Office has opened four Series of Policies in 1835, 1867, 1879, and 1895 respectively. The reductions of premium allowed to Policies opened in the first year of each of these Series respectively, after intervals of 5, 10, 15, and 20 years respectively, under the first three Series have been (first Series) 40%, 42½%, 51%, 51%: (second Series) 43%, 46%, 49%, 54%: (third Series) 36%, 40%, 41%, 41%: and after 5, 10, and 13 years respectively under the fourth Series, 32%, 34%, 35%. Thus, the second Series apparently did rather better than the first Series: the third Series has done miserably compared to the first and second, and the fourth Series has done miserably compared to the first, second, and third. Let that Office, let the London Life, deny if they dare that their latest Series of Policies is held under conditions heavily inferior to those which have been enjoyed by earlier Series. To insure in the Metropolitan or in the London Life is, in my judgment, most unwise. Let the Clergy Mutual or the Old Equitable deny if they dare that their bonuses have fallen severely below past levels. Let the Clergy Mutual deny if it dare

\* See para. 214.

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that its new business in the quinquennium which ended in May, 1896, consisted of 2,618 new Policies insuring £1,783,930, producing in new premiums £56,434, while its new business in the latest quinquennium, which ended in 1906, consisted of only 2,662 new Policies insuring £1,525,348, producing in new premiums £51,286: and let the Old Equitable deny if it dare that during the five years 1892-1896 its new business amounted to 1,511 new Policies insuring £1,612,143, producing in new premiums £82,457, against 1,323 new Policies insuring £1,317,336 and producing only £55,849 in new premiums in the five years 1902-1906. "Amazingly successful," indeed !\*

#### A SAMPLE OF MY METHODS.

183. In 1903 a Planter took out through me a Policy for £1,500. In consequence of the Dharmasala earthquake he fell out of employment and was unable to pay the premiums on his life Policy which then commanded no surrender value. I had never seen that man, but in order to save his Policy I offered to pay up his arrears of premium for him on his assigning the Policy to me, and to keep the Policy in force for him "on the distinct understanding" "and agreement with you that a year hence I should be prepared "to reassign the Policy back to you on receiving from you payment of our advances with the same rate of interest added which "we shall have to pay our Bankers for the money." He thankfully accepted my offer and I saved the Policy. Within the year he secured fresh employment and I duly reassigned his Policy to him, but explained that I could not accept any interest whatever, adding that he was most welcome to have had the use of my money. That man has now died, and the £1,500 with profits is added to his widow's provision. I trust that my friends will keep this case in mind as a sample of what men of sense would lose if envy and hatred succeeded in destroying my business.

\* Since the above passage was put into type, the new report of the Equitable Office has been published. The new business of 1907 marks a sharp further decline. The Policies are fewer in number, the sums assured are lower, and the new premiums are also lower. The new premiums (nett) of the past 4 years run, in thousands of pounds (omitting hundreds), thus: 11, 10, 9. 8. The surrenders of the past 4 years run, in thousands of pounds (omitting hundreds), thus: 8. 7, 14, 18. Assuredly, "amazing success" attends the efforts of the Old Equitable to secure what its own new report pathetically describes as "the necessary flow of new business"!—E.P.H. 15/4/08.

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## A COUNSEL OF PERFECTION.\*

184. A valued friend has suggested to me that in my next Pamphlet I should leave out all controversial matter. I only wish I could do so, but his counsel is a counsel of perfection. What is the very essence of my work? It consists of a determined attack, which shall be continued as long as I live and can write, upon a state of things which I can only describe as systematic misleading of the community by persons interested in promoting the business of particular Insurance Offices. The backbone of my work, the fundamental fact underlying it, is the fact that the average Insurance agent has no object whatsoever except to secure for his own Office every case possible, utterly regardless of the interests of the person insuring his life; and my function—eminently unwelcome to these gentry—is to lay bare their devices, to expose them with chapter and verse every time that I secure the necessary documentary evidence with which to defy them and their threats, their lawyers' letters and so on, and to drum it into the heads of ordinary men and women that every time they give ear to an Insurance Agent concerning the choice of Office or Policy they are committing an act of folly. To ask me to leave all controversial matter out of my Pamphlet is tantamount to asking me to go into action with blank cartridges. I suppose that para. 161 of my 1907 Pamphlet concerning the Royal Office may be justly described as controversial; and it may interest my readers to know that when (before printing it) I sent a copy of it to the Royal Office in accordance with my practice, so as to give that Office an opportunity of restraining me by injunction from making the facts in it public, the Royal Office in reply threatened me clearly if I dared to publish it. The Manager ventured to think at the end of his letter that I would omit from the Pamphlet the paragraphs to which he took exception, and added these interesting words: "If, however, "contrary to my expectation, you should persist in so doing [sic "in original] and injury should result, the Company will not "hesitate to hold you responsible." Well, according to my friend this controversial paragraph 161 should be omitted from this present Pamphlet. Why, it is precisely in the exposure of concrete, actual, definite, and detailed malpractices on the part of Insurance Offices and of their agents that no small part of the

\* See also para. 209.

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value of my Pamphlet consists; for if I confined myself to vague, abstract assertions without naming any Offices or agents, people might not unnaturally say that in all probability my statements had no foundation. It is only when I put a plain proposition to my readers that I necessarily carry conviction. I say to them, "Is it likely that if my statements regarding, for instance, a "strong, rich, powerful Corporation like the Royal Office were "not literally and absolutely true in substance and in fact, I would "dare to publish them?" I do not suppose that many persons will imagine that I should view with equanimity the appalling inconvenience and waste of time and expense involved in fighting a big Insurance Office. Therefore, the fact that I face that risk, and hold up as warnings to my readers, and by name, Insurance Offices capable of crushing me like a nutshell, unless my statements are absolutely accurate, is the one and only incontrovertible proof available to me by which I can convince strangers who read my Pamphlet that what I say must be well founded. If my business is to have any reality about it it must remain essentially controversial. As long as Insurance agents and such people continue promoting by existing methods the interests of individual Offices, and as long as interested writers continue to offer in the press worthless advice to the public in furtherance of quite inferior Offices, so long it will be necessary for me to the best of my ability and in the most explicit manner to expose the practices of these persons. Why, again, am I to be stabbed in the back, yet am to confine my Pamphlet to milk and water disquisitions on Insurance? When a man like Mr. William Schooling dares to mislead the readers of "Truth" by a tissue of fabrications concerning me, and when the editor of that paper burkes every letter of protest addressed to him by Officers in the various Indian Services indignant at his calumnies, and refuses me for a reply in his columns one half the space devoted to an unprovoked attack on my work, am I to submit in meek silence? It is not in me to do it and I should despise myself if I did. I call Mr. William Schooling a liar. Let him put me into Court and let us fight it out even before that fallible instrument, a British Jury. I would prove my words. I am backbiten in every direction. One of the latest falsehoods regarding me is that I am dead. This is an improvement on the earlier one, also disseminated in India, that I had given up my work. Another

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Insurance Agent (of the Manufacturers' Office, Toronto) informed one of my seven thousand and odd correspondents that I had been attacked in "Truth" for recommending a particular Office which he named: only a lie; only an ordinary statement of an Insurance agent. Let my reader turn up "Truth" of the 10th and 17th July, 1907, and see whether I speak the truth or whether I do not. King, Hamilton & Co., Calcutta, dared to write of me that they believed that I was an agent of a London Life Office. Let them deny it if they can. I am afraid of none of these people. I see the public deceived every day in Insurance matters. I do not profess to have taken up my pen from motives of philanthropy, and no one who has read my pamphlets since 1900 can say the contrary. But I maintain that my work from the first has been carried on in strict conformity with the principles which I prescribed to myself from the outset. Over and over again I have recommended the Clergy Mutual Office for certain particular Policies, although it pays no commission. Over and over again I have permitted that Office, as well as the Old Equitable, to quote on even terms with commission-paying Offices. In no case have I ever, to my knowledge, suppressed a merit of an Office adversely criticised or concealed a demerit of an Office recommended by me. If Insurance Officials and Insurance agents did their business on the same lines there would be no need for me to point my warnings by concrete illustrations from real life. But they do not. Many of these people leave no stone unturned to misrepresent my work, to assert or insinuate that I have personal motives to subserve in my recommendations of Offices, and to deter generally the public from consulting me. If these people think fit to combat my work by such weapons, they have only themselves to thank if my rejoinder takes, and will assuredly continue to take, its present controversial form.

#### STRIKING TESTIMONY.

185. In view of the persistent efforts made to deter men by misleading statements from insuring in what I regard, all round, as the best Office in the Kingdom, and the office which I have more frequently recommended than any other, and the Office in which precisely one-half of the total amount for which I myself am insured is placed, it is worth while to quote here

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verbatim a letter recently received by me from a doctor residing in this country to whom I had recommended the same Office, and who himself insured in it. Incidentally, the letter affords a very gratifying exposure of the infamous falsehood written by Mr. William Schooling in the columns of "Truth" regarding me just seven days later than the date of the letter in question, expressed by Mr. Schooling in these words, and reiterated by him in varying phraseology seven times over in his attack upon me: "Mr. "Henderson thinks it wise to take all possible precautions to "prevent anybody finding out whether his advice is good or bad." In accordance with my practice I had suggested to the doctor when he consulted me that he should make his own independent enquiries before acting on my advice. His reply ran thus: "You "will be glad to hear that I heard last night from the friend of "whom I enquired *re* the . . . Office. He is the accountant "to and an active director of a large West End firm (Capital "£600,000) and a thorough business man. He has enquired of "friends who are managers, etc., of Insurance Companies, "and he tells me, as the result thereof, that the . . . . . "stands in the front rank of Companies and enjoys a status "of the first order for all insurance virtues. Coming from "where it does, I regard such testimony as the strongest "confirmation that could be given me of your statements, "and it is with the greatest pleasure and gratitude I am "able to tell you so."

#### WHY IT IS DEAD AGAINST MY SELFISH INTERESTS TO RECOMMEND CONSTANTLY THE SAME OFFICE.

186. Commission is paid not only when a Policy is first effected, but also on a smaller scale upon every subsequent premium. If the great bulk of our business be placed with one Office, that Office becomes indebted to us in the future to a large extent. So to speak, all our eggs are in one basket. If that one office turned dishonest, and endeavoured by some quibble to repudiate its future liabilities,—say at my death, —or if it fell on evil times and had to be absorbed by another Office, and the interests of those entitled to renewal commission were not effectively safeguarded in the process of amalgamation, or if, worst of all, the Office became insolvent and went into

liquidation, the whole of that future renewal commission would disappear. Can any man of sense doubt for one moment that it would be incomparably safer from the standpoint of the future welfare of my family that I should spread the insurances which we effect over a dozen Offices? All the above dangers would then be eliminated, for it is incredible that a large number of first class Offices should all go to the wall or become dishonest. Again, suppose that the Office carrying the bulk of the insurance effected by us did badly, and its bonuses gravely deteriorated, the consequence might be that those persons who had insured in it under my advice might resolve to close their Policies and insure elsewhere, and possibly they might, reasonably or unreasonably, feel resentment against me for having recommended such an Office, and might effect their new Policies through someone else. In that event our renewal commission would at once cease, and an even worse misfortune would befall, in the loss of the future support of all such persons,—support which is at present the main buttress of our business. Is it not a patent fact that not one but many and serious dangers attend the position created by the placing of the great bulk of our business in one Office? And if these dangers are obvious to me, can any man of sense doubt that, if I saw my way to doing it, I would forthwith take steps to protect myself against them? Can anyone doubt that no one would be more delighted than myself if I found a way of reconciling the spreading of the Insurances henceforth to be effected through us over a dozen good offices, instead of continuing in the great majority of cases to recommend one and the same Office? Nothing holds me back from doing it but the fetters which I have voluntarily put on myself by my pledge on honour to recommend what I believe to be the best Office in each man's case. Every time that the reader of this para. hears it falsely said of me\* that I always recommend one Office, he can say to himself: "Well, if that be so, then every time he does 'so, he knows that he is driving a nail into the coffin of 'his business, for the sake of those who trust him." It comes to that, but at the same time I am adding a stone to a cairn which I value still more than my business, namely, the cairn of good faith and honest dealing with those who do me the honour to consult me. *A propos* of the persistency with which I

\* In one week lately I recommended six distinct Life Offices.—E.P.H.  
15/4/08.

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have recommended a particular Office to every man for whom I have deemed it to be the best, I wish to quote a passage from a letter of a Royal Engineer. It runs as follows: "As regards the "attack in 'Truth' I read it at the time, and never thought "twice about it." [Here follow admirable reasons for the very course which I follow in my business]. "The holding to the best "investment of the moment and advising that investment for "every case which in one's opinion it will suit, is, in my humble "opinion, in itself a guarantee of honesty of purpose. Such I "consider to be your position as regards the . . . . Office, "and I hope that your business will increase, and that you will "be able to leave it in as able hands as your own when you "finally give up the work. Should I wish to effect further In- "surances I should undoubtedly do it through you." My enemies and calumniators may digest these words, written to me by one who has never even seen me, as best they can.

#### AN INSTRUCTIVE CONVERSATION.

187. I have actually been consulted by a City man! The conversation which ensued is instructive. He was already insured in a certain very inferior, although quite respectable, Office. He pulled out his Policy, but without opening it, or even showing me the name of the Office, he said: "You have a personal "motive in advising about Insurance." I replied as follows: "Yes, I have. Where a man comes to me for advice who "is not yet insured at all, I have a cogent personal motive "to put him into the very best Office, and under the very best "Policy available, so that not even the devil himself with all his "cleverness shall be able subsequently to prove to him that he "would be a gainer by replacing the Policy effected through me "by another one, with the necessary consequence that thence- "forward I should lose my commission. If a man is not satisfied "with the knowledge that my own selfish interests absolutely "coincide with his own, he is very hard to please. As regards "the other case, such as your own, where a man already insured "submits his existing Policy to me for criticism, it is an undeni- "able fact that I have a personal interest in succeeding in con- "vincing him that he will be a gainer by replacing that Policy "by a new one taken out through me. In such a case, however, "he has several facts to go upon. First, he has the knowledge

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" that I served my full time in an honourable and distinguished Service, which does not make a practice of keeping scoundrels " in its ranks for 25 years. Secondly, he has the fact, which is " capable of easy verification, that more than four thousand officers and gentlemen have trusted me. Thirdly, he has the " fact, also capable of easy verification, that the percentage of " surrenders of Policies effected through me is negligibly and " ludicrously small: probably small beyond parallel. Fourthly, " he has the guarantee of his own intelligence. My advice is not " offered like a pill in a closed cover to be accepted blindly. The " man who obtains it receives it in a clear, detailed, definite form, " and every proposition leading up to the conclusion is capable of " independent verification. Where I am criticising an existing " Policy, my propositions should be viewed with jealous scrutiny, " and it is prudent to verify them independently by personal " enquiry,—a perfectly easy process without in any way disclosing " my confidential Tables or Notes, or my method, or the details " of my recommendations. You, for instance, will work through " your case with me to-day with the authorities before us. Every " fact which I state you will verify with your own eyes by reference " to published documents, the authenticity of which no reasonable " man can doubt. My arithmetical calculations you will work " out with me for yourself. You will be driven to my conclusion " whether you like it, or whether you do not." He went into his case with me, and cordially accepted my advice.

## ANONYMOUS IMPERTINENCE.

188. I received last October a letter posted at Bombay which was humorously signed " Fair play." The signature is not in the handwriting of a gentleman. The rest of the letter is type-written. The writer of this letter, who is afraid to disclose his name, commences by a succession of falsehoods which I shall have great pleasure in exposing if necessary. He calls upon me to publish his letter in my next pamphlet, and writes thus: " Should you not do so I shall then, in the interest of those who " may be thinking of consulting you, have a copy of this letter " printed and sent to all members of the Indian Civil Service, and " others to whom you are in the habit of sending your pamphlet."\* If my correspondent's circular be circulated anonymously, sensible men will consign it to the wastepaper basket. If it be signed, I

\* Mr. " Fair play " should now carry out his threat! E.P.H., 25/5/'09.

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shall know the identity of my assailant, and those who know me best will entertain the least doubt that I shall answer it to some purpose later on. The letter is a long libel from beginning to end, and there could be no more gratifying proof of the utter impotence of the apologists of certain inferior Indian Offices than the tone adopted by the writer.

Insurance agents of India, finding it impossible to deny that at present premium-rates and bonus-rates a vastly better return can be got for one's money in first class British Life Offices than in such Offices as the Standard, the Royal, and various other Offices well known in India, now endeavour to take the first class Offices in flank by arguing that they charge too little, and cannot carry on permanently at their present premium-rates. Doubtless, Offices with expensive Indian branches,—which pay heavy commission,—which earn poor interest on their investments,—of which the reserves are on a lax and inadequate basis,—which think nothing of granting Policies at ordinary rates of premium without medical examination,—of which the proportion of non-participating business is contemptible,—and which grant Insurances to natives of India on equal terms with Europeans,—doubtless such Offices cannot afford to reduce their premium-rates much lower than their present level. But it is an utter *non sequitur* to argue that, therefore, Insurance Offices immune from every one of the above weaknesses are equally unable to do safe Anglo-Indian business at lower premiums. If the ordinary Indian Offices do reduce their premiums much further they will have to take it out of their bonuses (such as they are). Another point studiously ignored by the apologists of the Indian type of Office is the question whether the majority of Anglo-Indian lives insured in the first class Offices consist of the cream of Anglo-Indian society,—men frequently able to come home on leave, men who enjoy the best of medical advice, every comfort while in India, and who are able to a certainty to retire to Europe at a comparatively early age,—or consist of persons in a lower plane of society, and the large proportion of whom will probably live and die in India. This question of mortality experience lies at the roots of the enduring prosperity of an Insurance Office. Now, I can testify from my own very extensive practice that the mortality experienced by those first class Offices with which I have placed business has been almost incredibly small. If my

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anonymous assailant see fit to attack me publicly, he had better furnish his readers with comparative statistics, not only of premium-rates upon which he harps so bravely, but also of expense-ratios, of the basis of valuation in use by the Offices contrasted, of the rate of interest earned by them, and in particular, and above all, of their respective mortality experience. When he has shown that the Offices for which he holds a brief will bear comparison in these vital respects with the first class Offices of the United Kingdom, he may hope for success in his case.

#### *INDIAN BANKER versus INDIAN BUSINESS MAN: Two Opinions.*

189. Not long ago an officer desired to take out a certain Contingent Annuity, and wrote to me for my advice, but incautiously posted his letter unregistered (Moral No. 1!). That letter was lost in the post. Receiving no reply from me, and having confidence in my promptitude, he concluded that I must either be ill or have given up my work, and he wrote home to the Old Equitable Office (which pays no commission) for the same quotation, but he sent me at the same time a second letter on chance, and it duly reached me. My quotation and that of the Old Equitable reached him simultaneously,—and mine doubled up that of the Old Equitable to the tune of £120, on a total price of only £621 (Moral No. 2: believe as much as you please concerning the boasted superiority of the non-commission paying Offices!). In reporting to me the result of his two enquiries, and in sending me home his proposal, the officer set out an interesting conversation with a Banker of Upper India, who delivered himself as follows: “When you want to effect an Insurance on your life “it is much better to go to a man who has long experience and “is of sound business principles, and Henderson cannot possibly “be a good business man.” My friend added the instructive comment: “Thus spoke the Manager of a Bank and of course “an insurance broker, the other day. Yes! ‘better’ for the man “of ‘sound business principles,’ but what about the unbusiness-“like poor soldier officer? Is it ‘better’ for him? Like the “Scotsman, ‘I ha’e ma doots.’ The business principles of a “man whose advice enables me to get a Policy for less by £120 “than I can get it for elsewhere are quite good enough to my “thinking.”

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Well, am I quite so unbusinesslike as the Banker thinks me? Let a Bombay business man who has acted on my advice furnish the reply. I am proud to have received the letter which I subjoin hereto, merely omitting the first paragraph detailing the Policy taken out through me.

“ Please also accept my thanks for your excellent advice, “ your courtesy and for the careful and businesslike attention “ you have given to every small detail in connection with this “ insurance of my life.

“ I may mention that before asking your assistance I *tried* “ to study the Insurance question myself, but so complex did “ I find it that I was obliged to give up the study in despair, “ and I am exceedingly glad that I was induced to ask your “ advice and assistance.

“ As a business man my advice to all intending assurers is “ Put your case in the hands of an INDEPENDENT “ expert.’ It requires an expert and intimate knowledge of “ insurance matters to avoid the pitfalls and snares “ laid for the feet of confiding people by Insurance “ Offices, and that knowledge can only be gained by a “ close and persevering study of the subject, and the “ average assurer would hardly find it pay to undertake such “ a study when he can get expert and honest advice from an “ independent expert, like your goodself, for the asking.

“ You may rest assured that I will mention your name to “ all my friends who are in need of advice and assistance such “ as you alone can give, and when I have made a little head- “ way in the world I will seek your assistance once more to “ effect a larger insurance on my life.

“ Thanking you once again for all you have done for me.  
“ Yours truly.”

Recent mails have brought me amongst others yet other opinions concerning my business capacity. One letter contains the following passage: “ I will do my utmost to advance your “ connection out here, and not fail to convince my friends of your “ great courtesy and capabilities not only in arranging suitable “ policies to their case, but the clear way you describe their “ relative advantages. Wishing you every success, and remem- “ ber to consider me one of your many well-wishers.”

Another letter runs thus : " At the same time I wish to express my thanks to you for the exceedingly prompt and businesslike way in which you have enabled me to settle my affairs. It was a fortunate day for me when I consulted you."

#### A WARNING TO DECEITFUL INSURANCE OFFICES AND AGENTS THEREOF.

190. The wisdom of the Supreme Court of Judicature has laid down the law last December in a manner which ought to strike terror into the classes mentioned at the head of this Note. It has now been authoritatively decided that where a person has been induced to take out, or to continue, a Policy by misrepresentations of the Office, or even of its agent, as to a matter of fact, the deceived person on discovering the misrepresentation will be entitled to repudiate the contract, and to claim back his premiums. Many Insurance agents live by misrepresenting facts. There is one golden rule to adopt in dealing with them, and I cannot impress it too earnestly on my readers, not only in respect of Life Insurance, but of every business relation of life, and that is to refuse absolutely to receive any verbal statement whatsoever from an insurance agent, and to insist that he shall take pen and paper and commit himself to black on white over his own signature, at the same time describing himself as agent of a specified Office. Only last spring I was consulted regarding a Rs. 60,000 Policy in the Standard Office, all communications concerning which had fortunately been written ones, and the Policy-holder was a businesslike man who, happily for himself, had carefully preserved every letter which had been addressed to him by the Calcutta Secretary of that Office. Those letters proved fatal to the Policy, for the result of the case is described briefly in the note at page xvi. of this Pamphlet. Every man in India who has been induced by the representations of an insurance agent, or of his Office, to take out a Policy, and who possesses them in writing, should make haste to put his Policy and the correspondence before me for opinion.

The *moral* character of Offices is just one of those matters as to which the general public are absolutely helpless and in the dark. A man might study every Parliamentary Return in existence, every prospectus, every work of reference that has ever been written regarding Life Insurance, without having the very

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faintest idea concerning the moral character of the various Offices, for even prospectuses do not necessarily furnish any indication of Office practice. The treatment of Policy-holders can only be ascertained from the actual experience of that class, and no individual member of the public has any opportunity of ascertaining how the great body of Policy-holders are treated by their respective Offices. Not a mail reaches me which does not furnish me with concrete illustrations of this kind. It is in this respect that my work supplies a crying want and enables those who consult me to discover much which otherwise would be a sealed book to them.

#### THE MANUFACTURERS' LIFE OFFICE, TORONTO.

191. According to correspondents this Office is being pushed in India by certain agents. British Offices are run down while the Canadian Office is puffed up on absolutely false grounds. On a 20-year £1,000 Endowment Insurance, and according to figures actually supplied by the Manufacturers' Office, the same annual premium secures in a first class British Life Office larger Insurance from the outset by £133 and a better return at maturity by £203. I would not insure in the Manufacturers' Life Office, Toronto, while any one of 30 British Offices was open to me, and every man in India who has taken out a Policy in that Office should put it before me for criticism without one mail's delay. Ridiculous statements have been made as to the State Control under which its business is carried on—as if the British Offices were not under stringent State Control also—and with reference to its surrender-values. In the above-mentioned case I find that in the early years of the Policy the Manufacturers' surrender-value is heavily inferior to that of a British Office, while its proportional paid-up Policies are ridiculously inferior all through to those of the same British Office. In short, the Manufacturers' Office is not fit to hold a candle to the first class British Life Offices, in my opinion.

#### AMERICAN TONTINE BONUSES.

192. From the day on which I turned my back, first on the New York Life Office and secondly on the Equitable of the United States, in the spring of 1899, and resisted the importunity of an insurance agent that I should insure in either of them, I have steadily warned others against the American Offices on the ground

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that their specious Tontine bonuses had proved a delusion and a snare in the past, and would as certainly prove the same in the future. It is pleasant to be able to replace the mantle of the prophet by that of a person whose words have already come true. The latest example of an American Tontine bonus which has come into my hands is indeed a striking one. On a Rs. 10,000 Policy taken out 10 years ago by an Indian officer, and therefore at a specially heavy premium, the cash dividend (not one penny of which the insured person would have received if he had died one day short of the tenth anniversary of the Policy) amounts to the magnificent sum of 715 rupees 1 anna 7 pies. This dividend equals, I think, about 14/3d. per cent. per annum, in addition to the considerable risk involved of never living to receive it at all. Surely such a dividend is beneath contempt by comparison with the magnificent bonuses of the first class British Life Offices. I repeat once more that in my judgment the man who insures in an American Office, or remains in one without submitting his Policy to competent technical criticism, deserves all he eventually gets in the way of disappointment.

By the way, I am interested to notice that that same American Insurance agent, who is alluded to in para. 155 of this Pamphlet as having accused me of taking the bread out of the insurance people's mouths, and of knowing nothing about the subject, has thrown overboard his American Office and is now endeavouring to induce Anglo-Indians to insure in a British Office vastly inferior, save in exceptional cases, to several others. It would be interesting to know in what terms that Insurance agent now argues with any person whom he encounters and whom he finds disposed to insure in the American Office which the agent so long belauded and has now deserted.

#### SINGLE-PREMIUM INSURANCE.

193. I am deeply impressed with the importance of Single-Premium Insurance as a hedge against premature death. My belief in it as a first class investment cannot be better expressed than by the fact that I hold two such policies insuring £2,000 myself.

Any sum of money from £25 upwards can be invested as a single premium. These policies need not be payable at death alone; they can also be taken out as endowment insurances,

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payable at the expiration of any specified term of years, or at death if earlier.

A large single-premium policy for £5,000, with profits, payable at death, costing only £2,438 6s.8d., formed part of a highly successful scheme by means of which I enabled a policy-holder, who had unwarrantably had seven years added to his age by a certain Office, to extricate himself with the help of the Court of Chancery from his policy, and to effect a new provision for his wife on terms which evoked from that policy-holder the following eminently gratifying expression of opinion: “I think you have “every reason to be proud of the skilful way in which you “have dealt with my case, and I can assure you that I am “not only extremely glad that I consulted you and took your “advice, but also grateful for the care and patience with “which you have solved what seemed to me an extremely “complicated conundrum”; and his Solicitor also addressed me in the following terms: “I now take the opportunity of thanking “you for your valuable advice in this matter, which has secured to “. . . . and her family such a substantial increase of provision “for the future.”

I would earnestly impress on all my readers the importance of considering Single-Premium Insurance as a desirable element in their general scheme of investments of existing funds. Not one of us has a guarantee of a week of life, and in the event of early death a single-premium policy must return a colossal profit. Especially is it incumbent on annuitants and pensioners to hedge against the risk of early death and the consequent collapse of their families’ main source of income; and Single-Premium Insurance is one way of doing so, but by no means the only way.

#### THE UNCERTAINTY OF LIFE.

194. Year by year I have found it necessary to comment on this painful subject. Never a year passes without my encountering examples of the appalling suddenness with which death overtakes even the strongest and most healthy. One young fellow wrote to me regarding his father: “Relying upon his splendid “constitution, and with a view to reducing his expenses to a “minimum, he never took the precaution of covering himself by “insuring his life.” The father was drowned. I myself was

within an ace last Spring of being killed. Walking along the street in which I live, on an afternoon not particularly windy, I suddenly became conscious of an enormous iron chimneypot which I had neither seen nor heard as it fell, but which dashed down on the pavement a few yards in front of me and exactly in my line. It flattened itself out on the pavement and would have crushed me like an egg-shell. I suppose I escaped by four seconds. Only last June I had an Officer in health and strength in my room. He decided to take out heavy Policies, but resolved to let them stand over until he had returned to full pay, when he proposed to complete them near the close of the year. I earnestly warned him against delay, and as his finances were tight at the end of furlough I lent him enough money to pay his first instalment of premium. Within seven weeks he was dead of blood poisoning, and only my insistence put £1,707 nett into his widow's pocket. I was consulted just the other day by a man as to a survivorship Policy to secure his survivance of his father. On the very day on which his letter reached me, the father was pitched out of his dogcart on a dark night and was killed on the spot. It might just as well have been the son. The cases which have been wrecked by men's delaying their intention of insuring are legion. **I cannot too earnestly impress on my readers that while, on the one hand it is most important to consider deeply before taking so profoundly important a step as the insurance of one's life, on the other hand, it is no less essential to one's real interests to lose not an hour in carrying those intentions into effect when once they have been definitely formed.** There is absolutely nothing to gain by delay and there is everything to lose. Only to-day I have dealt with a case in which a man has wasted two or three months and has now forfeited the privilege of a lower rate of premium, besides forfeiting irrevocably a year's bonus. Many men feel obliged to defer action for want of ready money. In most cases, that is a difficulty of no account where Policies are effected through me. The holder of two very undesirable Policies consulted me in 1906, and I gave him ample reasons for replacing both of them by a better one elsewhere. In September of that year he informed me that he was writing that very day to his two existing Offices with a view to the closure of his Policies, and added: "As soon as 'practicable I will send you my proposal form." He was then

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in a Station possessing a European Civil Surgeon, and could have been medically examined the same day if he had chosen. Instead of doing so, he delayed, and in the following November was struck down by jungle fever and complications, which in his opinion "would make Insurance people add 15 or 20 years on to my life." As a consequence he is uninsured, and is likely to remain so. Of course it ought to be unnecessary to give a warning already conveyed in my Pamphlet, that it is wise to be on with the new love before being off with the old: also, that it is no more trouble to do a thing to-day than to do it to-morrow, and very often it is less trouble. As an Indian officer once expressed it, "Like many "others I have procrastinated much in these matters. Lucky, "indeed, are they who manage to get one of your books when "young, if they make the 'kick off,' as you put it."

#### *Re THE PERMANENT MAINTENANCE OF MY BUSINESS.*

195. It is desirable to state the arrangements by which I propose to secure the permanence of my business. In the first place, my views are now embodied in an immense number of concrete cases extending over about thirty thousand pages of opinions. These cases are all complete, both text and figures, and any man of intelligence and industry who chose to devote one year to a study of these opinions would know my views on almost every subject connected with life insurance. My own son, who for nearly six years has been in college at Eton and who is now up at Trinity, Oxford, and is already a student of the Inner Temple, should take his degree and be called to the Bar within three years, and I hope that he will then be as willing as he is now to come into my business. Meanwhile, I have been exceedingly fortunate in securing a keen, zealous, and able assistant, Mr. H. F. de Wolf, who, even now, after one year's training, fully understands my views, my method, and my procedure, and whose advice, following the lines which I have laid down, would already be of much value. Having just been accepted as a first class life for a further policy of £10,000 by a first class Office (being the seventh Office in succession which has accepted me as a first class life in the past eight years, and my record in that respect being unbroken), I see no reason why I should not carry on the work in person until my son is firm in the saddle. If my business should continue to increase and multiply as it has done

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in the past, it is my intention to secure further help. In all probability I shall arrange for the services of a fully qualified actuary: indeed, I could have secured such a person only a few months ago if I had chosen. Thus, there is no reason whatever to suppose that my business will come to an end with my demise. It is far too valuable a property, and it is far too valuable also to the insuring public who have the sense to avail themselves of it, to be allowed lightly to lapse. My intentions, on the contrary, are to develop the business in new directions some day soon.

#### INSURANCE AGAINST RETIREMENT ON M.C.

196. A Covenanted Civilian writes thus with reference to the above-mentioned form of Insurance: "The more I think of it, "the more I feel convinced that this is the insurance of "which a married I.C.S. man stands in need, and the cost "not being large, I send you a proposal for an annuity of "£400." Every single member of our Service—and, for the matter of that, of every Service too—should insure at any rate to a small extent against the danger of being compulsorily retired on M.C. I shall be happy to send the fullest particulars on application.

#### A GENERAL OFFICER'S OPINION.

197. I am proud to have received the following words from a distinguished Officer now serving in India: "Your reputation in India, and I have no doubt elsewhere, as an unprejudiced and reliable adviser in matters of Insurance is so well established that I am content to accept your advice without question, and I consider that your work must be an inestimable boon to many men who have neither the knowledge nor the opportunity to obtain reliable data from any other source. With my grateful thanks, believe me, yours sincerely."

#### SOUND COMMON SENSE.

198. I cannot beg too earnestly for the attention of my readers to the subjoined extract from a letter addressed to me by a Major, R.A. I only wish I could give his name: but his sentiments carry conviction by their own force. He wrote to me as follows: "You have quite persuaded me that for a soldier Insurance is the best form of investment. Of course, we all of us love our

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"little gamble in stocks and shares, but I have never yet met a "soldier who, at the end of his Service, could honestly say that "he had not by so doing made less than if he had invested his "money in Consols. The value of Consols now-a-days seems to "be jiggling about like the barometer in the monsoon, so it is "difficult for a careful man to know what to do with his spare "cash. Successful speculation necessitates jumping in and out "of your holding very quickly, and none of us are sufficiently in "touch with the market to be able to do this. Besides it brings "us into competition with trained business men, generally of the "seed of Abraham, and the invariable result of such encounters "is that 'the seed' takes a bit, if not all. On the other hand a "good Insurance Office appears not only to offer one the certainty "of getting back one's ground bait, but also a quiet little specula- "tion in the uncertainty of the bonuses."

#### ILLEGIBLE HANDWRITING.

199. My time is still wasted to a grievous extent by the illegible handwriting with which I have to deal. A letter lies before me, returned through the Dead Letter Office marked "Unknown." The signature of the writer of the letter to which mine was a reply was utterly hopeless. The consequence is that in all probability he thinks that I took no notice of his letter, and by now he may be insured in some rotten Office, and may stand to be a loser in the end of hundreds of pounds. If it is useless to appeal to men's own sense of self-interest, surely it ought to suffice to appeal to their courtesy and consideration for others. There is nothing which a man does not deserve to lose who will not take the trouble to write a legible signature. Constantly I find it necessary to return applications for advice undisposed of because I will not launch my advice into the post to a person whose very identity is undisclosed.

#### "ONE GOOD TURN DESERVES ANOTHER."

200. I wish that every man who has found my advice advantageous, and who owes to a friend the fact of his having consulted me, would adopt and give effect to the views expressed to me by a correspondent recently in these words: "In the same "way as it was due to a great friend of mine putting me on to

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"you, I hope to put others in the way of the same good thing.  
"And I hope it will not be the last time I shall consult you  
"myself."

#### MISCELLANEOUS POINTS.

201. (Procedure on closing an existing Policy.) This is to be done by the insured person in direct communication with his insurance Office. An Office of which the Policy is being closed will not recognise me as an authorised agent unless I produce a formal power of attorney. Furthermore, I do not care to expose myself to incivility which I might very well receive from a few Offices on the closure of their rubbishy Policies. The proper course as soon as my advice is received is to address the Office criticised and to request it to state what amount of cash it is prepared to pay on the surrender of its Policy, or what amount of paid-up Policy it is willing to grant free of further premiums, and at the same time to request the Office to send any form of claim-note which it requires a Policy-holder to fill up and hand in when closing his Policy. Thus, my figures can be independently verified, and at the same time the document necessary for use in closing the Policy can be obtained. It is well also to request the Office to state what is the latest date on which an application in writing for the surrender-value or paid-up Policy can legally be put in without forfeiting the amount of cash or paid-up Policy claimable. I am never willing to take part in these proceedings, and I hope this will be clearly understood: but, of course, I am always willing to give my help in any case in which the Insurance Office gives trouble, or quotes any sum lower than that which I led my correspondent to consider his legal right. I have a whole drawerful of cases in which a certain Office, well known in India, has attempted to defraud retiring Policy-holders out of part of their legal rights, and has been wheeled into line with my assistance in every instance.

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A wife is, of course, entitled to see all that I write to her husband, and is indeed the person chiefly interested, where a provision Policy is being taken out. On the other hand, I hope it will be distinctly understood that where a husband has applied for my advice on my conditions, his wife must consider herself

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equally bound to respect those conditions. I am sorry to say that I could quote from a letter which in discussing the too frequent disclosure of my advice expresses the view that "wives are "the chief offenders." I hope the wives will pardon my venturing to mention that observation. I would here take exception in the strongest terms to the practice followed in too many cases of disclosing my views to fathers, uncles, brothers, and other such persons, and requesting me to discuss my views with them. I have been given unbounded trouble by various persons of that sort, and I have no leisure for three-cornered correspondences. I have even known a case in which a father had the impertinence to say that his son, an officer in his Majesty's Service, and of full age, was not only entitled but also bound to disclose to his father the whole of my advice.

A correspondent has observed that he does not think there is any undertaking in my Pamphlet to warn my correspondents of the deterioration of any Insurance Office after they have once insured in it through me. This is a very useful enquiry. Should such deterioration occur it would instantly be to my own advantage equally with that of my correspondent to go into the question without delay. If the deterioration were so serious that it would be expedient for the Policy-holder to stop further payments after insuring elsewhere, it is obvious that it would be doubly to my advantage to be first in the field with a warning to him to that effect. In that case he would naturally desire to have, and would probably act on, my advice as to the best Policy to substitute for the existing one. Secondly, I should retain his good opinion by being the first to warn him and to suggest a remedy. On both of these grounds men who insure through me may be very easy in mind as to the question raised and may be perfectly certain that if ever their interests require it I shall warn them immediately and give them the best advice in my power.

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I recently wrote as follows to a young officer of the Indian Army :—"Perhaps I might take this opportunity of suggesting "that as you yourself have so fully realised the advantages, "direct and indirect, securable through life insurance, I hope "you will never lose an opportunity of impressing them on others "around you. If before I depart this life I could feel that it had

" become an article of faith with the entire Indian Army that every young fellow should invest at least a £5 note a year in a well chosen Policy as soon as he was out of debt, and that with every rise of pay he should increase his insurance even in a minute degree, I should feel that I had not lived in vain."

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A recent correspondent in consulting me mentioned that he had been rather put against my Pamphlet "as it seemed to think no good of any of the Insurance Offices one hears spoken of so often." I think it may be laid down with a fair degree of safety as an axiom that the merits of Insurance Offices are in inverse ratio to the extent to which they advertise themselves. The first-class Offices have no difficulty in getting business. I know for a fact that a few of them are rather embarrassed in the opposite direction and strain every nerve to exclude business save of the highest class. On the contrary, miserable Offices which feel themselves to be utterly devoid of merit—Offices with an expense ratio approaching 20 per cent. of their total premium income, for instance—Offices of which the new business shrinks yearly as portentously as their surrenders increase—Offices of which the bonuses either shrink or are suspended altogether—such Offices as these endeavour to bolster up their failing fortunes by persistent advertisement.

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An officer in the Indian Army, a quotation from one of whose letters was made in my Pamphlet of last year, has since concluded his correspondence in these words:—"In conclusion please accept my sincere gratitude for all you have done for me. I only hope for the sake of all Indian Officers and others that you will long enjoy the receiving of grateful letters from all parts, and have the satisfaction of knowing what a service you are doing to us all." Such letters as the above far more than compensate me for the passing annoyance caused by malicious attacks by persons such as Mr. William Schooling.

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A very valued friend recently wrote to me advising me to state in my next Pamphlet that I do not advise people to insure in Offices which pay the highest scale of commission. I venture to think that my friend overlooked the express language of my

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condition (1), to which I refer my reader. There is a recognised and normal scale of commission in general use amongst the first class commission-paying Offices, and under no circumstances do I accept commission in excess of that scale. If I can believe a fifth part of what I hear, the commission paid to certain Insurance brokers and others by Offices of which I could give the names if I chose is monstrous. But, as I have pointed out elsewhere, excessive commission is an infallible touchstone of inferiority of the Office allowing it, and I have no truck with such Offices. I am, therefore, under no temptation to accept such commission even if it were offered to me.

#### THE VALUE OF TECHNICAL ADVICE ILLUSTRATED.

202. Just the other day an Officer who had already paid 2½ years' premiums on his Policy informed the Insurance Office that his Policy was to lapse at the end of the current quarter. The Office, most honourably, made me aware of his intention. I at once turned up his case and found that if he paid two more quarterly premiums of £4 18s. 11d. each, he could then surrender his Policy for £19 15s. 5d., plus the cash value of the bonus attached to his Policy. I immediately communicated with him and he, of course, is acting on my advice, thus securing protection to the full extent insured for a further period of six months and securing a net gain of £9 17s. 7d. plus the cash value of his bonus. I am tempted to say that it is childish folly for any ordinary man to dispense in Insurance matters with competent technical advice. For example, a very intelligent, but quite uninformed, correspondent writes thus: "I have had a half hour with 'Whitaker,' " and personally I cannot see that there is much to choose between "several of the best known Offices." My reply runs thus. "As "to the particulars given in 'Whitaker,' you quite overlook the "facts, first, that 'Whitaker' gives you no means of calculating "the return which you get for your money: secondly, it is silent "regarding a most vital element in the merits of Insurance "Offices, namely their mortality experience: thirdly, it is silent "as to their conditions of contract: fourthly, it is equally silent "as to their moral character, which is the most important con- "sideration of all. The uninformed person who tries to choose "his own Office is as certain to burn his fingers as any man in "this world."

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## SETTLEMENT OF CLAIMS IN ENGLAND.

203. Some apprehension is felt by various of my Indian correspondents as to whether serious difficulty and delay are not to be met with in recovering from England moneys due under Insurance Policies where the claimant resides in India. As a matter of fact, there would be no more difficulty of any sort or kind than in recovering the money in India from an Office having an Indian Branch, for all formalities required by the home Offices would equally be required by the local Offices. As to the delay, there is a sad lack of proportion involved in attaching weight to this point. Would any man of sense rather receive £900 to-day than receive £1,000 or perhaps £1,200 or £1,500 or, possibly, £2,000 a couple of months hence? However, I have decided that so long as my firm carries on business—and we have every intention of carrying on business until Life Insurance is a thing of the past—we will gladly assist claimants. We will in the first place send out to them in India exact particulars of the evidence required by the Insurance Office in order to obtain an admission of the claim, and we will also send exact instructions as to the nature and extent of proof required in order that the Office may admit the title of the claimant to receive the money. In cases where English probate is required, we shall be happy to have it taken out by a Solicitor on a strictly moderate scale of charges and to obtain and forward the money to the claimant, if authorised by a correctly drawn Power of Attorney, draft of which we should be glad to furnish.

## CONCLUSION.

204. I cannot better conclude this year's notes than by two extracts from letters received, one from a Royal Engineer and another from an Officer of a British Regiment. I daresay a good many of my readers think that I say a great deal too much about myself. I could not wish for a better Pamphlet than one containing absolutely nothing save extracts from letters addressed to me by men who have never even seen me. At the same time it is quite unavoidable that in reply to persistent attacks upon me I should speak in my own defence, exposing the absurdity of those attacks and demonstrating that, assuming only—what I leave with confidence to the men of my own and other Services to decide—that I am honest, my system is invincibly sound, and if universally known and understood would be a knell to every extravagantly

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or incompetently administered, or rapacious, or otherwise inferior, Insurance Office, and would wipe the whole tribe of Insurance agents off the face of the earth. These Officers addressed me respectively in the following terms : "I shall certainly recommend all my friends who may be already insured and wish to test the value of their insurances or who want to take out a Policy to apply to you. I wish I had done so 2 years ago when I first heard of your name. I shall be just as anxious to secure them the benefits that I have received through having consulted you as in my own case." The other officer writes thus :— "I am indeed much indebted to you for all you have done for me, and I am not likely to forget in a hurry how you got me out of the clutches of the . . . . Yes, wherever I go I shall always tell my friends who wish to insure themselves that they must never do so without first consulting you—because I am certain they could never get better advice on Insurance than through you. Your book is here in the Mess and I will see that it is always on evidence. With many good wishes for the New year, believe me, yours sincerely."

[THE END OF NOTES FOR 1908.]

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EXTRACTS FROM RECENT LETTERS OF 1907.

(Major R.F.A.) :—"I shall mention your work when and where I can, using your Circular enclosed, every word of which I agree with."

(I.C.S.) :—"Once more my very best thanks for your most valuable advice on which I have acted to the full. I shall certainly try and come and see you as you so kindly suggest the next time I get home—whenever that seemingly distant time may be."

(R.M.L.I.) :—"I am to-day in receipt of my policy No. — and your letter of the 29th instant. I beg to thank you for your trouble in putting me in the way of obtaining an apparently far sounder and more profitable Policy than my former one."

(Major, A.V.C.) :—"I will do my utmost to advance your connection out here, and not fail to convince my friends of your great courtesy and capabilities not only in arranging suitable policies to their case but the clear way you describe their relative advantages. Wishing you every success, and remember to consider me one of your many well-wishers."

(I.C.S.) :—"Thanking you again for your valuable advice, which has indeed opened my eyes to the perils of walking alone in such matters."

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(A Clergyman) :—" I shall, therefore, certainly not fail to let people know how readily and courteously you would consider their case, and advise them for the best."

(Captain, R.A.) :—" I will not take up more of your time, but will close with the best wishes that the New Year may bring greater prosperity than ever to your most valuable business. I take every opportunity of advertising your work, and am glad to say that several of my friends have profited by your advice."

(I.C.S.) :—" I shall be glad to mention your excellent work at all times, and will keep your circular letter by me for that purpose. When I have money to invest I will not forget to consult you."

(Captain, R.G.A.) :—" Whenever I get a chance I shall certainly recommend others to consult you on insurance matters. I shall do so myself, too, if I ever want to take out additional policies of any kind, as I am more than satisfied with what you have done for me . . . . I believe Captain — is taking out a policy through you, and I have no doubt he will be very glad he did so. Thanking you again for your advice and courtesy in the matter."

(Captain, R.G.A.) :—" Of course I bind myself to agree unreservedly to all your conditions. I am trying to get my young officers to go to you for assistance in their Insurance matters, and you may be certain that I shall do the same with other people I may come across who are in trouble or doubt."

(A Judge, Chartered High Court) :—" I willingly subscribe to the conditions contained in para. 1 of your pamphlet which seem to me eminently fair and reasonable."

(I.C.S.) :—" I have received all the policies, and am very grateful to you for showing me such an excellent way of insuring, and for all the trouble you have taken on my account. I have lost and shall lose no opportunity of mentioning to my friends what you have done for me, and I hope as time goes on to come to you for further advice on my own account."

(Colonel, I.M.S.) :—" I am very much obliged to you for all the trouble you have taken at various times, and on all sides I hear of the good results obtained by men who have consulted you."

(I.M.S.) :—" I have to acknowledge the receipt of your letter dated 22nd October, 1907, and to thank you exceedingly for the advice which you have given me, and on which I propose acting in the way you suggest . . . . Thanks to your advice and the offer you have so kindly made I can see my way clear to make a good beginning and at a much less cost than had appeared possible to me."

A Captain in the I.M.S. writes thus :—" Dear Mr. Henderson,—I write to acknowledge receipt of the two policies with letters enclosed, and to thank you very much for the kindness and patience with which you worked out my investment. I should certainly never dream of acting again without consulting you, and thank you again for your kind invitation to do so. Your circular letter will be passed on every possible opportunity I get. Yours sincerely."

A Member of the I.C.S. writes thus :—" I am greatly indebted to you for your kindness and for the interest you have taken in my case, and I will do everything in my power to induce my friends to consult you. When I have savings of my own to invest I shall not fail to consult you."

An Officer in the Indian Army writes thus :—" I shall certainly make it my business to mention your work wherever I go in India. I fancy, however, that now there are few people out there who do not know of you: your book on Insurance is nearly always found on the table of every mess one goes into."

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*A Police Officer of high standing writes thus* :—I can only once again offer you my heartiest thanks for all the kindness and consideration which you have shown me in the arranging of this bit of business for which I shall ever think gratefully of you. I most heartily sympathise with you in the most unjust allegations made against you by that . . . . "Truth," and I hope you will make them rue the day they started maligning you, which, with the innumerable supporters you can call to your aid, will not be a difficult thing for you to achieve. With the very best wishes for your success against your enemies, I remain, yours sincerely."

*A Railway Officer writes thus* :—“The perusal of your letter No. 7161/07, of 30/7/’07, when it came to hand more than astonished me. I am a complete stranger to you. You know very little indeed about me. Yet rather than see me fall into a difficulty through my own very culpable carelessness, you have been good enough to step into the breach and pay up the sum of £ . . . . This was really very much more than I, or any of your other clients, had any right to expect of you. Believe me, I am truly grateful to you for your extreme kindness to me in this matter. . . . Once more permit me to thank you most sincerely for your very great kindness in this matter. Believe me, I shall never forget it.”

*A Railway Officer writes thus* :—“I beg to acknowledge the receipt of the correspondence with the . . . . regarding the child’s Policy, and feel very grateful to you for all the interest and trouble you have taken in the case and for the advice you have given me. You are indeed a good friend to us all here in India, and a most invaluable one. . . . Your latest book is very interesting, and brings home to one more than ever the follies of one’s youth. What a lot many of us might have saved had we had a ‘Henderson’ 10 or 12 years ago. Speaking personally I feel I owe you much and, moreover, can never repay you adequately, but will never lose an opportunity of doing all I can to get men to write to you for advice.”

*An Indian Railway Officer writes thus* :—“I am delighted to hear you are going strong—in spite of all your hard work, and I do trust your head will not worry you as it did in ’02. No doubt attacks from such creatures as William Schooling must give you a lot of extra worry, and I am sure I sympathise with you greatly, but I am sure these villainous personal attacks will do you more good than harm, seeing the reputation you have built up for yourself and how many people have benefited by your help and advice.”

*A Member of the I.C.S. writes thus* :—“I have read your reply to ‘Truth’ in your pamphlet, and think it simply splendid. I doubt if ‘Truth’ or Schooling have ever had such hard and irrefutable hitting.”

*A Doctor at home writes thus* :—“Just a line to thank you very much for all the kindness and trouble you took over the Policy for me.”

*An Electrical Engineer writes thus* :—“Some three years ago you were good enough to advise me with regard to a life insurance policy, and I am more than pleased with the result of following your advice, and am writing to ask you to give me some information with regard to Educational Policies.”

*A Captain in the I.M.S. writes thus* :—“I shall certainly recommend all my friends who may be already insured and wish to test the value of their insurances or who want to take out a Policy to apply to you. I wish I had done so two years ago when I first heard of your name. I shall be just as anxious to secure them the benefits that I have received through having consulted you, as in my own case.”

*A P.W.D. Officer writes thus* :—“In conclusion I must thank you for having taken such a lot of trouble about my Policies. I shall certainly lose no opportunity of advising other men to consult you. My personal experience of the wonderful improvement you have been able to effect in my Policies makes me anxious to put others in the way of getting the benefit of your splendid advice.”

[THE END OF NOTES FOR 1908.]

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# C O N T E N T S.

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(NEW MATTER, 1909.)

## P A R T I X.

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## PREFACE

(1909).

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The present issue of this Pamphlet consists of that of 1908, followed by new matter written during 1909. The detailed Preface of the 1906 Pamphlet is reprinted, and I beg that those who have not read it will now do so, as it fully explains my aims.

I had hoped to reduce substantially this year the bulk of the Pamphlet, but the continually increasing pressure of my work has left me no leisure for the task. A glance at the figures set out in para. 205 will show how much work was done by me in 1908: and I am proud to mention that this year again my work is considerably in advance of the figures of last year at the same date. For this fact I would repeat that I am largely indebted to the unwearying manner in which those who have insured through me advise others to put their cases before me. Doubtless, also, the result is appreciably due to the persistency with which Insurance agents endeavour to destroy my business. I possess a letter from an officer of the Indian Medical Service which begins thus: "**I have heard you so run down by various insurance agents that I think I cannot do better than place myself in your hands, and ask your advice on Insurance matters.**" On receipt of my advice the same officer wrote thus: "I am most grateful to you for your trouble. I have filled up two forms, and am sending them to you." My work can be summed up in a sentence. It is a league between myself and the Services against the rascalities of many Insurance Offices and Insurance agents. If my work is a boon to the Services, the Services are a boon to me, and that is the thing in a nutshell.

I have reason to believe that another person, or persons, has, or have, recently been sending Insurance circulars to the Services in India and Burma after having consulted me or ascertained my views by indirect means. I shall esteem it a great favour if my friends will invariably send me copies of such circulars, unless, of course, they have been applied for, and have been obtained, under a condition of secrecy. No Pamphlet is confidential which is sent

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to a person unsolicited, and I have expressly stated in my 1906 Preface, Para. 4, that my own Pamphlet is not confidential.

I trust that every reader of this Pamphlet will study the leaflets of the Navy League and the National Service League, which will be found bound in at the end of this Pamphlet, and will not rest content with reading those leaflets, nor even with joining those Leagues, but will moreover use every endeavour to induce his friends to do likewise. We are in a crisis of the Empire's destiny, and even the trifling help of one individual may turn the scale hereafter. I have joined both Leagues myself and am an Honorary Vice-President of the Navy League. I desire to feel, if I live to see the day when the Empire pays the penalty of un-readiness, that I was not one of those who kept their hands in their pockets and let things slide.

As regards the very serious charge against the Scottish Widows' Fund Life Office set out in my Para. 212, I particularly desire to invite attention to the fact that the assailant in this matter was the Scottish Widows' Fund Life Office and not myself. In the first instance, the responsible representative of that Office at Bristol was the aggressor, by assailing the recommendation which I had already made to the young officer concerned, and my reply to that young officer was written in vindication of my advice. The representative in question, Mr. C. K. Osborne, had the sense when made aware of my letter to submit to my epithets, and the matter dropped. His attempt to secure the Insurance of that young officer failed miserably, and that was an end of the matter. Then the case was re-opened by the General Manager of the Scottish Widows' Fund Life Office, and my subsequent action was again taken in vindication of my own position and in self-defence. I trust that no reader will miss this important point.

E. P. HENDERSON, I.C.S. (retd.)

42 Leinster Gardens,  
London, W.,  
10th June, 1909.

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## PART IX.

NOTE.—THE FOLLOWING PARAGRAPHS, PRINTED  
ON TINTED PAPER, ARE ALL NEW, WRITTEN  
**IN 1909.**

## A BRIEF REVIEW OF MY WORK IN 1908.

205. I have again broken my record heavily, as will be seen on examining the subjoined Table :—

Year.	New Cases.	Letters despatched.
1902	366	No record.
1903	419	No record.
1904	779	8,765
1905	976	10,580
1906	1,132	11,900
1907	1,148	13,194
1908	1,440	16,295

It is also interesting to mention that at the date on which this paragraph is dictated (8/4/09) the business of the current year is well ahead of last year's at the same date. Perhaps the most striking increase last year is in the number of letters despatched. If 16,295 be divided by 300 for the 300 working days of the year, the daily average works out at over 54 letters. Many of those who consult me are aware that my letters frequently run to several pages of foolscap in close-spaced type. I find that I used exactly twelve 500-page foolscap Letter Books, i.e., 6,000 pages of letters and Tables, in the twelve months of 1908. I mention these figures as evidence of the extent to which I have

the honour of being consulted. I attach the greatest importance to the extent of my work. A few persons might perhaps be deceived, but it is altogether outside reasonable probabilities that a vast number should be deceived, and that the numbers of such persons should steadily increase year by year. I also infer from the great extent of Insurance effected through me that my work has unquestionably stimulated systematic saving in India by enabling officers and others to feel that they can really rely on getting good value from insurance investments. Many and many a man has written to me saying that until he read my pamphlet he had been deterred from taking out an Insurance Policy by the feeling that he was pretty sure to be taken in. That fear is now removed, and with good cause, for I state elsewhere a multiplicity of reasons, each one of which by itself would suffice to make me advise to the best advantage of those who consult me. I need go no further back than yesterday for an illustration of the wisdom of obtaining technical advice. I was rung up yesterday by a gentleman about to start for India this morning. I was very busy, but the word "impossible" is not found in my business vocabulary, and I told him to come at once, and he did so. On ascertaining his age and objects in insuring I told him at once that a certain Office, the name of which is not unknown to my friends and my enemies alike, was the best for his purpose, but I added, in accordance with my usual practice, that if there were any Office in which he would have insured if he had not consulted me I should be happy to give my reasons for the opinion that that Office was not the best for his case. He immediately named the Clergy Mutual, and I proceeded with great satisfaction to tackle that Office. Although he only wished to invest £33 12s.6d. a year as his premium, I had no difficulty in proving to him by plain figures that by insuring elsewhere he could secure larger insurance from the outset by £52,—this initial advantage steadily increasing as time went on,—and that he would secure a better return at the maturity of his Policy, at present bonus rates of both Offices, by £255 nett. I proved further to him that if present Insurance were less important to him than ultimate advantage, he could secure a Policy under which at maturity he would stand to come out a nett gainer by comparison with the Clergy Mutual Policy to the modest extent of £571 nett. That young fellow thanked me in the warmest terms, went off on the spot to be medically examined, and by now

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has doubtless informed the Clergy Mutual that he does not desire to proceed further in the case. Any member of the Services who doubts the possibility of my figures and will do me the honour of informing me to that effect, while at the same time undertaking to be bound by my conditions, shall receive a detailed demonstration of their accuracy, and I in turn shall expect to receive his apology. In short, the wonder is not that my work increases, but rather that a single Policy is taken out without consulting me by any man who knows of my work and is aware of my official antecedents. Another interesting feature of last year's work is the persistency with which I have observed that divers Offices have evaded that very simple and intelligible and very inconvenient question as to the amount of bonuses which a Policy taken out in those Offices would earn at maturity, on the assumption, and the assumption only, that the latest declared bonus rates of those Offices respectively should remain constant throughout the currency of the Policy. I like that remark, that an unsound argument is an insult to the intelligence of the person to whom it is addressed. It exactly describes the nature of the replies to which I allude. I could quote cases of this sort in respect of the Old Equitable Office, the London Assurance, and the Scottish Provident Office, of very recent occurrence. It is also interesting to observe in the Insurance papers the fulsome praise bestowed on Offices which advertise expensively in the same papers. My conclusion is that the best thing that the public can do on observing an Insurance article in a newspaper is to throw the paper into the wastepaper basket. I have seen honest and impartial articles on Insurance, but for one such article I have seen a hundred ignorant or venal articles. In short, Insurance goes its usual way: it is the old story. The only hope that the public have of getting good value for their money is to recognise that the Press is as little to be trusted as Insurance agents are, and that the only safe course is to obtain competent advice from some one worthy of confidence.

The heavy increase of my work during 1908 is the best proof that as a whole the Services may be said to endorse the sentiment kindly expressed to me in a letter written last month by a clergyman in India, ending with these words: "Go ahead vigorously  
"for you are doing a very excellent work."

## MY CONDITIONS.

206. In view of occasional misapprehensions on the point, I wish to make quite clear certain facts which respectively do and do not constitute a breach of my conditions. First, so far from conflicting with them, the mere fact of mentioning to others that one has received sound advice on Insurance from me (while not disclosing any detail of that advice, either as to selection of Office or as to choice of Policy or Policies), is a great service to me for which I am much obliged. Secondly, it is no breach of my conditions to disclose to others, where there is reasonable need to do so, and without naming me as having advised them, the Office and the Policies in and by which one is insured: *e.g.*, to one's legal adviser for inclusion of the Policy in a Settlement or to a prospective father-in-law so that he may examine one's financial position before sanctioning one's marriage to his daughter, or in any other reasonable circumstances of the kind. On the other hand, it is not consistent with the spirit of my conditions to disclose gratuitously to any other person even the name of the Office in which one is insured through me; and an illustration will make my meaning plain. People are naturally imitative and there is no commoner way of insuring than to find out what an able friend has done as a guide to oneself. Suppose a man wishes to insure his motor car, which he can do in any one of many Offices, and suppose that I by examining the merits of all these Offices have picked one out as being at present the most satisfactory for ordinary cases, and have told a correspondent where to insure: is it not evident that it is rather a mean thing towards me to tell other people where to go, even without disclosing the source of the information given? Doesn't it commend itself to a generous mind that a fairer thing to do is to say: "I got my information "confidentially from Mr. E. P. Henderson, I.C.S., retired, who "has devoted nearly ten years of continuous study and labour "to this insurance question, and I would rather not give you "the benefit of his trouble without his benefiting by the fact, as "well as you, but I shall have great pleasure in giving you his "address, and if you care to write to him you can do yourself "just as well in the matter as I did"? My sentiments on this subject may not commend themselves to Mr. William Schooling, who may not understand undertakings on honour between gentlemen and who thinks that such undertakings are better left out.

I address myself mainly to the Services and to members of the learned professions, and in so doing I know where I am and I know that they do understand sentiments of fairness and of honour. Again, I would mention that it is emphatically a breach of the spirit of my conditions to consult me,—to discover the very best Office and Policy for one's purpose,—and to comply with the letter of my conditions by taking out a small Policy,—and then almost immediately afterwards to go behind my back to that same Office and to endeavour to take out a large Policy, say for £2,000, and to get the commission on it. (This was done by a person who, I learn, has also obtained a large Policy for £3,500 by fraud in concealing from the Office in which he insured certain severe illnesses from which he was aware that he had suffered). In short, as a young Gunner once comprehensively put it to me, all I ask is to be treated like a gentleman, and to be protected against misuse of advice which thousands of Officers know right well I give unstintingly, laying bare for their benefit every relevant item of useful information that I have gleaned from my ten years of study.

#### THE SCOPE OF MY ADVICE.

207. My advice is available not only in cases where Life Insurance is about to be effected, but also in respect of Policies already held. That egregious journal "Truth" contained on 1st July last these words: "It is very seldom indeed that a man who "has paid premiums, even to an inferior Office (provided it be "financially safe) for two or three years can do anything but lose "by changing to a better Company." The writer of those words is either densely ignorant or a knave. On the other hand, it does not seem to be sufficiently clear from my Pamphlet that I have never offered to take up disputes between Policy-holders and their Offices in cases where there is no intention of replacing such Policies by better ones elsewhere. I am constantly appealed to to take up the cudgels for people who think that they are being ill-used by their Offices; but that is not my business. It is true that in a few glaring cases I have felt impelled by my own indignation to fight battles against the Standard Office, the Royal Office, and one or two others, on behalf of Policy-holders, and in each case I may add that I have secured their rights for them under threat of an action at law. But I cannot spare time to do

this as a general rule, and it is useless to offer me fees for my services, for I never accepted a fee in my life and I never will.

#### PERMANENT ADDRESSES.

208. I particularly beg that every person who is insured through me will immediately send me a note of his permanent and safe address. It constantly happens that premiums fall into arrears through the negligence or crass stupidity of Bankers, East India agents, Army agents, and so on, and at the present moment I am quite unable to communicate with a Policy-holder because he has never given me a reliable address. Again, circumstances of another kind might conceivably arise in which it might be of great importance to men insured through me to receive my advice without delay. I propose to start a Register of permanent addresses, and I hope that no one insured through me will grudge the trouble of sending me a line on this important subject, and at once.

#### FURTHER COUNSEL OF PERFECTION.

209. I have again during the past year been urged to leave out controversial matter. I repeat my last year's observations in para. 184. Within the last year I have come across perhaps worse cases of Insurance rascality than ever, and so far from sending out to the Services a milk and water Pamphlet dilating in platitudinous terms on the advantages of Life Insurance, I prefer to send out the most controversial indictment of Insurance dishonesty that I have ever yet made public. Time only vindicates more emphatically my well-worn assertion that Life Insurance is saturated with trickery. In the notes for 1909 I take off the gloves, and I state my facts in plain, unequivocal, and categorical terms as to at least one eminent Insurance Office, namely, the Scottish Widows, and as to other Offices also. Before publishing, I have sent proofs to each of these Offices respectively, and I have given each Office a period of fourteen days in which to inform me that it considers my remarks actionable, I undertaking in that event to abstain altogether from publication until the Office has had an opportunity of promptly applying to the courts to restrain me from publishing; and in no case has any one of these Offices expressed to me any such intention.

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210.—The following table furnishes some interesting particulars regarding three Offices named in it. In para. 161 I have dealt at length with a circular issued by a representative of the Royal Office containing false statements, and in Tables I. and II. of my 1908 issue I exposed the gross inferiority of the Royal Office to various other first-class Offices. The inconvenient figures set out in these Tables have never, so far as I know, been controverted publicly by the Royal Office, but they have been followed by the issue of a new circular by that Office in which it has cut down its climatic extras to a portentous extent. The same Office which up to September, 1906, charged a climatic extra of £1 2s. 10d. % throughout Indian residence upon the Policy set out in the annexed Table, cut its climatic extra in its prospectus issued in September, 1906, down to 11s. 4d. %, and has now again cut its climatic extra for the same Policy to 3s. 10d. % as regards the European members of the Government Services of India who have passed the necessary medical test on appointment. What is to be thought of an Office which in the space of two years has cut down its previous climatic extra to almost exactly one-sixth of what it was charging until its savage rates were exposed in my Pamphlet? Will any rational person believe that inside two years there has been so phenomenal a change in actuarial experience of the Indian climate as to justify a reduction of extra from £1 2s. 10d. % to 3s. 10d. %? The Royal Office's last move is, in my opinion, a desperate effort to retain business, but unfortunately for that Office it cannot inflate its bonuses, and the man who is induced by the abnormally low prices now charged by the Royal to insure in that Office is as foolish as the person who is guided solely by price, and without the smallest regard to quality, in purchasing any other article. My Table shows the gross inferiority of the Royal's Policy by comparison with those obtainable in first-class Offices.

As regards the Norwich Union Life Office, I refer elsewhere to the manner in which the business of this Office is being pushed in India by a certain local representative. His methods are a disgrace to such an Office as the Norwich Union, and the sooner that Office appoints a man of honour to represent it in India in place of the person to whom I allude the better for its own reputation. It will be noticed that the **cost** of the Policy in the annexed Table as offered by the Norwich Union Office is the lowest of all in the Table, **provided that life last throughout the 30 years.** But even in this respect the superiority of the Norwich Union is on the surface only. The policy offered by the Royal is really the cheaper of the two if the silent action of compound interest be taken into consideration, to say nothing of the important consideration that a very serious loss is involved in the plan followed by the Norwich Union in case death occur early in the contract. But the heavy inferiority both of the Royal and the Norwich Union centres in their very mediocre bonuses. A glance at the figures in column 7 of the Table will show how far their bonuses fall short of those of Offices III.—VI. In the purchase of an article price is by no means the only important consideration. The quality of the article is at least as material, and judged by this test the Policies of the Royal and the Norwich Union are far inferior to those of Nos. III., IV., V., and VI. in my Table.

As to the Scottish Widows, while it is distinctly preferable to the Royal and the Norwich Union for the Policy illustrated, it is heavily inferior to Offices IV., V., and VI., and even on the basis of figures it is folly to take out such a Policy in the Scottish Widows. For my own part, however, I would on no account take out a Policy in an Office as to which it is in my power, and I consider it my duty to the public, to make certain statements elsewhere of a kind which should gravely affect the reputation of that Office unless publicly refuted by a libel action against myself,

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The subjoined Table shows the cost and result of an Endowment Insurance With-Profits for £1000 taken out on 1st January, 1909, by an Anglo-Indian aged 25 next birthday, and born on, say, 1st July, 1884, in each of the Offices shown in column 2. The Royal, the Norwich Union, and Office A all keep the Policy-holder out of his money till his 55th birthday; moreover, the Norwich Union, the Scottish Widows, and Office A all require payment of the premiums in a lump annually in advance, or else charge extra, whereas the two best Offices, Nos. V. and VI., both accept payment by quarterly instalments from the outset, without extra charge. The Table shows the inexpediency of insuring in Offices Nos. I., II., and III. The Royal's rates are available to certain European members of the Government Services only. E. P. Henderson, 1.C.S. (retd.), 8/1/09.

No.	Particulars.	2		Annual premium per £100 insured.	Annual cost of Policy.	4		Annual cost of payments.	6		Total cost to completion of payments.	7	Total bonuses (latest declared rates).	Value of Policy at maturity (age 55 next birthday).	8	Value of Policy at 55th birthday.	9	Value of Policy at 55th birthday.	10		Nett superiority over No. I. at age 55.	11
		£	s. d.			£	s. d.		£	s. d.												
I.	30-year Endowment Insurance in the ROYAL.	1000		3 9 6	34 15 0	1032			At age 55			1430										
				At Home (say five years).																		
				3 5 8	32 16 8																	
				For five years.																		
II.	30-year Endowment Insurance in the NORWICH UNION.	1000		4 4 4	42 3 4			1015	At age 55			1450										
				Thereafter.																		
				3 4 4	32 3 4																	
				For ten years.																		
III.	30-year Endowment Insurance in the SCOTTISH WIDOWS.	1000		4 1 6	40 15 0			1122	At age 55 next b.-day			1642										
				Thereafter.																		
				3 11 6	35 15 0																	
IV.	30-year Endowment Insurance in OFFICE A.	1000		3 9 11	34 19 2			1048	At age 55			1600										
V.	30-year Endowment Insurance in OFFICE B.	1000		3 11 9	35 17 6			1076	At age 55 next b.-day			1669										
VI.	30-year Endowment Insurance in OFFICE C.	1000		3 10 3	35 2 6			1053	At age 55 next b.-day			1693										

N.B.—I. 3% interest for six months is added in Column 9 to the proceeds of Nos. III., V., and VI. to 55th birthday.

2. It is easy to insure in Nos. V. and VI. for a full £1000 at no greater cost than in Nos. I. and II., and with far larger return at maturity.

World-wide  
and coverage  
all risks.

## THE EXPOSURE OF DECEITFUL METHODS IN LIFE INSURANCE.

211. It is an unpleasant part of my work to expose from time to time deceitful methods practised by representatives or advocates of Insurance Offices and by Insurance agents in order to secure business. Of course these men are paid to secure it for their own Offices, and so long as they adhere to the truth properly so called I have not the slightest reason to complain. But it will be conceded by every reasonable reader that the moment one of these men departs from the truth I am entitled to be up in arms and to expose his dishonesty in uncompromising terms: also, that in doing so I not only defend legitimately my own interests, but at the same time I protect the interests of those who otherwise would be misled to their prejudice. In these notes I give instances of deceitful practices resorted to by representatives or advocates of Offices which I duly name.

## THE SCOTTISH WIDOWS' FUND LIFE OFFICE. \*

212. Not long ago an eminent Insurance official remarked to me that "Insurance is not a Profession for a gentleman." Now, I propose to put before my readers one of the most striking examples of Insurance trickery that have ever come under my notice in nearly 10 years' time; and inasmuch as the Office implicated is the Scottish Widows' Fund Life Assurance Society it will readily be understood that if it can be justly laid to the charge of such an Office as this that one of its responsible representatives stands convicted of an act of indubitable rascality, and yet has been backed up by the General Manager and by the Board of Directors, then surely there is no Insurance Office in the world which the public can safely accept at its own valuation as being above suspicion. I suppose that the Scottish Widows stands higher in the estimation of the general public than almost any other office. I have heard it referred to as "*the crème de la crème* of Insurance Offices." Its Board of Directors contains men of unquestionable eminence. If such persons as these act unworthily, whom can the public trust? Now, it is a very serious thing for any private individual to make publicly a charge against a Society such as the Scottish Widows, with some 18 millions of capital at its back, which if untrue or in any way contravening the limits of legitimate assertion will expose him to an action

\* See the last paragraph of my 1909 Preface. E.P.H.

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for libel and severe damages. But this very risk will be recognised by intelligent readers as being the best guarantee that a person in my position, well aware of the dangers attendant upon any overstepping of the law, must be in a position to prove his charges to the hilt, or he never would dare to make them. Nor would the pains and penalties of the law be my only punishment if I were shown to have unjustly accused an Insurance Office or an individual. Another inevitable consequence would be the ruin of my business as an adviser, for the confidence of the Services would wisely be withdrawn from me in that event. I have, therefore, very carefully weighed the consequences of inserting this paragraph in my Pamphlet. If the Insurance Office in question submits in silence to the charge which I am about to formulate, what can the public think save that my charge is true? And if it is true, will any man of sense hesitate to acknowledge that my proposition is conclusively proved, viz., that the ordinary man who does his Insurance business in direct communication with an Insurance Office, or with any representative of an Insurance Office, without first obtaining competent and trustworthy technical advice is exceedingly unwise?

I will now narrate the facts of this matter, and leave my readers to pronounce their own verdict between the Scottish Widows' Fund Life Assurance Society and myself. Last August I was consulted by a young officer of just about the same age as my own son. I recommended to that young Officer the same Insurance Office, namely, the Legal and General, in which I had effected a Policy for my own son. Now, my readers know that I always encourage those who consult me to make their own independent enquiries before acting on my advice: see para. 4 of my Pamphlet and other passages in it. Accordingly, this Officer, whom we will call Lieutenant B., very wisely consulted his local Bank Manager, and that person entered into correspondence with the Resident Secretary of the Scottish Widows' Fund at Bristol, whose name is C. K. Osborne. Mr. Osborne then addressed a letter dated 22nd September last to the Banker, who passed it on in original to Lieutenant B., and that Officer forwarded it to me in original. It is this letter which contains what I do not hesitate to characterise as an attempt to swindle. The letter runs as follows:—

“ Referring to our recent correspondence, I now have pleasure in sending you some information regarding the

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" " Legal & General." This is a Proprietary office, one-tenth of the profits going to Shareholders. The ratio of expenses of this Company is much larger than ours, being, say, 14% as compared with our 10%. Our bonuses have not fluctuated for over thirty years, whereas those of the "L. & G." have changed three times since 1881. Our present intermediate bonus is at the rate of £1 12s.% per annum, compound, as compared with the " " L. & G." rate of £1 10s.% per annum, simple."

" Hoping you will secure Lieut. ——'s proposal."

It will be noticed that the foregoing letter states four propositions concerning the Legal and General Office, of which the first, the second, and the fourth, are palpably and indisputably adverse on the face of them to the Legal and General, and are clearly intended to be read in that sense. In passing I may mention that not one of those three propositions expresses the truth, the whole truth, and nothing but the truth. I am prepared to submit to any Jury in the Kingdom that every one of them embodies either a suppressio veri, or a suggestio falsi, or a statement which is false. But if that letter had contained only those propositions and no other, I should have been content to remark that it was not a fair letter, inasmuch as it stated partial truths, while omitting others of a material kind. The gravity of the matter centres in the third proposition, quoted in black type. Every intelligent reader of this Note must be aware of the legal maxim, " noscitur a sociis." An expression colourless in itself inevitably derives colour from those by which it is surrounded. If I ask a Doctor how his patient is and he simply says: " His condition has changed during the night," his words may equally mean changed for the better or changed for the worse. But if his reply is: " He has not slept, his strength is failing, his condition has changed, and a deadly pallor has spread over his face," who in this world would for a moment doubt but that by the third proposition the Doctor meant to convey that the change which had set in was a change for the worse? The word "changed" would infallibly be construed by the light of the context. In like manner, I say without fear of contradiction—and in so saying I have the support of every single man, without one solitary exception, who has here examined the papers—that the only reasonable interpretation for the uninformed reader to put on Mr. C. K.

Osborne's proposition that the Legal and General's bonuses had "changed three times since 1881,"—situated, as those words were, in a setting formed by three propositions every one of them patently adverse to the Legal and General Life Office,—was that the Legal and General's bonuses had "changed" in some disadvantageous manner. In such a letter, a sentence stating that the bonuses of the Office which was being cunningly and unscrupulously disparaged by half truths, by falsehood and so on, had changed for the better would have been entirely out of place, and, like the bourgeois gentilhomme, one would be tempted to say "Que diable allait-il faire dans cette galère?" Now, it is true that the bonuses of the Legal and General Office have "changed" three times since 1881, but they have "changed" every time and conspicuously for the better, and they have long ago outstripped the dearly-bought bonus rate of the Scottish Widows and left it far behind. It is incredible that that fact was not known to Mr. Osborne, or that that person could have failed to perceive that his language, situated as it was in the midst of other propositions, every one of them disparaging the Legal and General, must infallibly be read in a disparaging sense. Founding my opinion on the contents of this letter alone—for I know nothing else about the man—I say without fear of contradiction by one single living Englishman of character and sense that Mr. Osborne deserves to be considered, as I stated to Lieutenant B., as a swindler. What was the object of this letter? The young Officer was about to insure in a manner advantageous to his estate. A letter is written avowedly in the hope of securing the young Officer's proposal, i.e., of inducing him to abandon his intention of insuring elsewhere and to insure in the Scottish Widows' Life Office. I have calculated the effect on that young Officer's pocket of taking out in the Scottish Widows the very Policy which he did take out in the Legal and General, and I find that, at present bonus rates of both Offices, he would have stood to lose upon his quite small Policy no less than £41 in the Scottish Widows, assuming his death to occur at the age normal for a healthy man of his present age; and the longer he lived the greater his loss would become. Now, what difference is there between a common thief who steals £41 and a man dressed in a frock coat and claiming to be a gentleman who knowingly puts forward misleading facts and figures for the express purpose of inducing a young Officer to

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take a certain course which will eventually involve his losing the same sum of money? The thief at any rate makes no profession of virtue: he is a thief and nothing more: the other is a knave and a hypocrite as well.

These are my facts in this most serious case. Well, it by no means follows that because a local representative is dishonest the General Manager of an eminent Insurance Office which he serves is dishonest also. But, very shortly after the incident in question I received in reply to an inquiry of mine in another case a communication from Mr. N. B. Gunn, General Manager of the Scottish Widows' Office, insolently informing me that unless I withdrew my remarks to Lieutenant B. regarding Mr. C. K. Osborne and apologised to the latter he would ask his Directors to withdraw my "appointment" (forsooth!) as one of the correspondents of his Society. In reply I informed the General Manager that if he and his Board of Directors affirmed Mr. Osborne's letter and associated themselves with its contents, then not only would I not withdraw one word of my communication to Lieutenant B. in reference to that letter, but, what was more, I would denounce the Scottish Widows' Life Office throughout the civilised Globe so far as my correspondence extended. I then gave my reasons in full to the General Manager for condemning Mr. Osborne's letter as I had done, and in conclusion I challenged the Scottish Widows' Life Office to submit the matter for the arbitrament of the Attorney-General. My offer ran thus: "I am quite willing to refer to the Attorney-General through a firm of solicitors mutually agreed upon between us Mr. Osborne's letter and this letter, as well as my letter to Lieutenant —; and if the Attorney-General holds that Mr. Osborne's letter was a letter which an honest gentleman could have written, I will apologise to Mr. Osborne and I will inform Lieutenant — that I have done so, and I will withdraw unreservedly my letter to that gentleman. If you refuse this offer, there is not an impartial man in the Kingdom who will not be satisfied as to the merits of the question in controversy," In reply to that letter the General Manager declined my challenge by stating that he declined to correspond further. Thereupon, in order to be fair to the Board of Directors, I addressed the Chairman, inviting his attention to the correspondence, explaining that I did so in order to give the Board a fair opportunity of dealing with the subject before I made the matter public. In reply the

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Chairman approved of the position taken up by the Manager. In reply I gave the Board another locus penitentiae, explaining still more fully my reason for addressing the Board, and my letter concluded in the following terms : "I will now wait for 14 more days from this day inclusive before making the matter public. It is I who decline to correspond with you further. I leave it to you to haul down your flag by confessing the guilt of one of your most respected representatives," Mr. C. K. Osborne, or to remain silent and forfeit the sympathy which would have been due to you if I had failed to give you this opportunity." The Board has not answered that letter (which I sent under registered cover), and their time is up. I am thus justified in charging the highest authorities of the Scottish Widows' Life Office with expressing not so much as one word of regret for an act of foul deceit committed by their responsible representative in a great centre like Bristol, much less owning that they have visited the offender with suitable punishment for his misconduct. I cannot better express the feeling left on my mind by this case than by quoting the words of an Indian Officer who, when he first addressed me, was disposed to insure in the Scottish Widows' Office. I sent him an exact copy of the correspondence, including Mr. Osborne's treacherous letter and my whole correspondence with the General Manager of the Scottish Widows, and his reply was brief, but to the point, and I take it that his conclusion will be that of every man of sense who carefully studies this paragraph. His reply ran thus : "Many thanks for your letter and for letting me see the enclosed correspondence. I need hardly say that I fully endorse all you have said and it is an eye-opener as to the unscrupulous methods employed by a Company which one always believed to be above suspicion. I shall, of course, have nothing to do with it and shall await with interest your suggestions."

It is a matter of great satisfaction to me to be able to add that I am not aware of any Policy of any kind taken out at any age and for any purpose for which the Scottish Widows' is at present the best Office. Its premium rates are heavy : its bonus is far from the best : certain of its Policy-conditions are illiberal : its basis of valuation is inferior : the rate of interest which it earns on its investments has fallen severely and is far inferior to that earned by divers first class Offices : its proportion of Insurances not participating in profits is miserably small : the surrenders of

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its Policies have leaped upwards of late years and are exceedingly heavy in amount: its claims strike me as being heavy in proportion to the Assurances in force. The Scottish Widows' has one conspicuous merit, and that is cheapness of administration. But the Office which Mr. C. K. Osborne sought to calumniate has the same merit; and in other respects I consider the Scottish Widows' not fit to be compared with that Office or with various other first class Offices which I shall have great pleasure in naming publicly if the Scottish Widows' Office should venture to attack me in Court.\*

#### THE NORWICH UNION LIFE OFFICE.

213. I find myself compelled with much concern and the greatest reluctance to warn Anglo-Indians against the dishonest manner in which the Norwich Union Life Office is being locally pushed in India. It is a very serious thing indeed for me in my business to run the risk of incurring the ill-will and hostility of such an Office, but those who know me best will best understand that I am prepared to fall out with every Office in the Kingdom if necessary. I trust, however, that there will always be many Offices worthy of my unstinted praise and my fullest confidence. I hope that the Norwich Union will continue one of these, and thus far I have no complaint of any kind to make against the Head Office. But as regards certain persons who profess to represent it in India, my difficulty is to select language sufficiently severe to convey my opinion. It has taken me some little time to place myself in a safe legal position before exposing publicly the dishonesty with which the Norwich Union Life Office is being pushed in India; but I have got my evidence at last. Mr. John C. Buchanan, describing himself as Manager of the Calcutta Branch, has written daring falsehoods, in furtherance of the Norwich Union Life Office, and he is welcome to proceed against me for saying so, civilly or criminally, at his earliest convenience. I have him over his own signature. Will the Norwich Union Life Office permit its responsible representative in Calcutta to be referred to in such words and not in the alternative compel him to vindicate his reputation by legal proceedings against me, or

\* I have just received from a Chartered Accountant the following words: "Your Pamphlet was lent me by a friend just as I was contemplating taking out a Policy in the Scottish Widows, and a glance was sufficient to show me that it's possible to do better." E.P.H. 29/5/09.

else dismiss him from its service? Among other proceedings which I can prove conclusively against Mr. John C. Buchanan are : (1) endeavouring to induce the holder of a Policy in another Insurance Office to replace it by a Policy in the Norwich Union. It will be interesting to see if Mr. Buchanan's Head Office will approve of the practice in question as between two British Offices : (2) grossly overstating the amount of bonus which an Endowment Insurance in his Office payable at 55 and taken out at 29 next birthday would probably earn, my charge resting upon the estimate furnished to me by his Head Office itself : (3) grossly overstating the climatic extra charged for Indian residence by another Life Office : (4) grossly overstating an alternative climatic extra charged for residence in India by yet another Life Office : (5) falsely stating that the Life Office last referred to "do not add "any bonuses to Policies of military officers until they retire from "the Service." In forwarding to me a copy of a memorandum signed "J.C.B." containing the above-quoted statement, the military officer to whom that memorandum was submitted wrote thus : "It is amusing—if it were not deliberately throwing lies "in the face of the insuring public—to hear . . . do not "give bonuses to military officers till they retire: I am glad to "say I hold two of their Policies both with good bonuses "attached." I possess further evidence in support of my charge that Mr. John C. Buchanan, as Manager of the Norwich Union Life Office, Calcutta, has calumniated other first class Offices and endeavoured to convince Anglo-Indians that the Norwich Union is better for their cases than those Offices are, when that is not the case at present premium rates and present bonus rates of those Offices and of the Norwich Union Life Office respectively. Every man in India who has been induced to take out a Policy in the Norwich Union Life Office since it opened its Indian Branches will be wise to submit his Policy and antecedent correspondence to me for examination without one mail's delay. That process will cost him a few annas for postage and nothing more, and if on receipt of my advice he is not absolutely convinced of the wisdom of following it he is free to burn it. But I say without fear of consequences that deceit has been practised by Mr. J. C. Buchanan upon Anglo-Indians in furtherance of the business

of the Norwich Union Life Office in India; and I await Mr. J. C. Buchanan's writ.

If the Norwich Union Life Insurance Society is in a position to assert, and to prove, that Mr. John C. Buchanan was not up to the end of February, 1909, the Manager of its Calcutta Branch, no one will be better pleased than myself, but in that case the position will be a rather awkward one for Mr. John C. Buchanan in view of the documentary evidence in my possession.

#### THE METROPOLITAN LIFE OFFICE.

214. If any of my readers would like to study a specimen of typical Insurance literature, I advise them to write for a copy of the *Insurance Record* of 26th March, 1909, to the Proprietor, 13 York Street, Covent Garden, London, W.C. They will see that the whole of the front page of that paper is taken up by an advertisement of the Metropolitan Life Assurance Society. If they turn to page 147 they will find an article upon the Metropolitan Life Office, which I have no hesitation in describing as fulsome: to me it is disgusting. An ignorant person would rise from a perusal of that article with the impression that there is no Office in existence fit to hold a candle to the Metropolitan, and that if he should secure the "peculiar right," the "tonic to "the system," the "manifold advantages," enjoyed by persons "privileged to become Policy-holders in the Metropolitan Society," he might regard himself as one of the luckiest people alive. Knowing as I do the truth about this downgrade Office, worked (like the London Life Office also) on a system considered by competent Actuaries to be inherently unsound (and the best condemnation of which consists in the remarkable degree to which the great body of the insuring public leave these two Offices alone, and in the fact that only two Offices in England out of the eighty odd Offices in existence adhere to it), I felt unable to remain silent, and accordingly I addressed the Editor of the *Insurance Record* by the subjoined letter. The passage alluded to in it is the passage in Para. 182 of my Pamphlet beginning "Take the Metropolitan Office, for example." The Editor of the *Insurance Record* has failed to insert my letter, or any answer to it, in his columns, and I am not surprised. Now, will my readers understand and henceforth constantly bear in mind the utter folly of placing reliance upon newspaper articles about Insurance Offices? My letter was as follows:—

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" Sir,

" I have before me your Issue of 26th instant containing  
" an article regarding the Metropolitan Life Office, the effect  
" of which upon me, a person with some knowledge of the  
" subject, is to make me feel sick. We shall see whether  
" you will or will not, in fairness to the public who as a class  
" know nothing about the matter, insert and answer this  
" letter in your next Issue, a copy of which I shall be obliged  
" if you will send to me: herewith its price. I invite you to  
" state whether the following passage concerning the Metro-  
" politan Life Office is true, or not, and if you are constrained  
" to acknowledge that the statements in that passage are  
" true, perhaps you will favour your readers with an explana-  
" tion of the portentous shrinkage of reductions-of-premium  
" manifested by the experience of the Metropolitan Life Office,  
" as to which you think it so wonderful " that the Head  
" " Office is not besieged by a crowd of proponents." How  
" comes it that persons insured in the first year of the first  
" series enjoyed at the end of 15 years a reduction-of-premium  
" amounting to 51%: those insured in the first year of the  
" second series enjoyed one of 49%: those insured in the first  
" year of the third series enjoyed one of 41% only: while  
" after 14 years during which the fourth series has been in  
" force those insured in its first year now enjoy a reduction  
" of 36% only? Are you still of opinion that if these facts  
" were more commonly known, " the business of the Society  
" " would probably be doubled "? For my own part,—and  
" I have insured my own life much more heavily than most  
" ordinary people do,—I consider that an Insurance Office is  
" best left alone of which the amount of Insurances in force  
" has dwindled at every single triennial valuation since that  
" of 1894, while the premium income has also diminished in  
" every single triennium since that year: an Office still on  
" a basis of valuation (3%) used by no Office in this Kingdom  
" which I consider first class,—an Office of which the rate of  
" interest has fallen in almost unbroken progression since  
" the triennium which ended in 1894, and was only £3 15s.  
" 11d. before deduction of Income Tax in the triennium  
" which ended in 1906,—and an Office of which the surplus  
" has dwindled by almost uninterrupted progress since 1891,  
" when it amounted to £261,272 as compared with the

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"surplus at the 1906 valuation of only £211,322, to say  
"nothing of the fact that at the 1901 valuation the amount  
"carried forward was £39,470 against a carry-forward of  
"only £20,443 at the 1906 valuation. I notice also the  
"interesting fact that since 1891 the expense-ratio has risen  
"from 5.77% to 7.04% in the triennium ending in 1906, while  
"in the same period the percentage of gross premiums  
"reserved for expenses under participating Policies (over  
"98% of the whole in the triennium ending in 1891, and still  
"over 94% of the whole in the triennium ending in 1906) has  
"fallen from 51.7% to 42%. These certainly are facts which  
"you will have some difficulty in reconciling with the gushing  
"praise of the Metropolitan Life Office contained in your  
"article."

#### THE LONDON LIFE OFFICE.

215. I strongly advise any person who meditates Insurance in the London Life Office to pause and to communicate with me before committing himself to that course. Some years ago a friend was about to insure and felt that he would like to give the London Life Office a fair hearing before insuring elsewhere, and, accordingly, he addressed that Office with a request for information of a perfectly reasonable kind. A person about to insure in any ordinary Office, which credits bonuses as reversionary additions to the original sum insured and payable with that sum, can ascertain to a penny what the total value of his Policy will be at its maturity date, on the assumption, and the assumption only, that bonuses will be credited to his Policy at the rate declared by that Office at its last valuation; and can also ascertain to a penny the reductions of premium which those bonuses would secure him, if devoted to that purpose. Mr. Wilkie in his admirable little *Vade-Mecum* justly remarks that "after all, an intending assurer "may be excused if he insists upon being informed of the probable "amount of his policy, with profits, say, so many years hence. "Future bonuses depend upon future profits; and while no office "can guarantee what these will be, there can be little objection "urged to an estimate based upon the experience of the immediate "past." Now, the London Life Office adds no bonuses to the sum insured, but professes to give the Policy-holder the benefit of bonus additions in the shape of reductions of his original premium. (In passing I may mention that under the first six series of

Policies issued by the London Life Office, when these reductions had sufficed to extinguish the premium, the Policy thenceforward received actual bonus additions. But since the establishment of the seventh series on the 1st July, 1904, that privilege has been cut away altogether, and in connection with that fact I am sorry to say that a statement signed by the President in the Annual Report for the year 1904 is not correct.) Accordingly, just as reversionary-bonus Offices are able to set out future additions to the sum assured, or reductions of premium if preferred, to a penny, on the assumption aforesaid, so the London Life, if equally worthy of public confidence, ought to be able to set out to a penny the amounts by which and the dates on which its original premiums will be reduced. Unless the London Life is able to do this, no intelligent comparison between the advantages offered by the London Life Office and those offered by the vast bulk of Insurance Offices working on the reversionary bonus plan can possibly be reached. The London Life is in a very embarrassing dilemma. Either it can give this information or it cannot. If it cannot, then no man of sense should insure with it, for its Policies are pigs in pokes. If it can and will not, then the same proposition applies. Accordingly, my friend addressed to the London Life the following request : " Will you kindly let me know " exactly what the premiums of a Policy for, say, £1,000, taken " out in your Office shortly before the 30th birthday, would be " during the first seven years, and please also tell me what " premium would be payable upon that Policy thereafter until " death, at say age 65, provided of course that your office con- " tinues during the existence of the Policy to allow reductions " upon it at exactly the same rates as it is now actually allowing " to Policies in force." To that request my friend received no plain answer. On the contrary, he was told that he would receive an anticipated reduction in the eighth year of his Policy by one-half " with the prospect of further gradual diminution in due " course." The Actuary moreover added that his Directors " decline to give estimates far in advance." My friend returned to the charge, and a somewhat lengthy correspondence ensued, but the Actuary never budged from his refusal to furnish the desired information. Now, I have shown that correspondence to a large number of men, and, to the best of my recollection and belief, without one solitary exception every one of those men has decided to insure elsewhere than in the London Life. In one case

in which a young Officer was on the brink of taking out a £2,000 Policy in the London Life he consulted me and at the same time evidently wrote to the London Life Office suspending matters. In reply the Secretary of that Office expressed to him a hope that in his own interests and in fairness to the Association he would give the London Life Office an opportunity of comparing the probable results of a Policy in the London Life with those of any other Office that might be suggested to him. My correspondent wrote to me saying: "I think his request is a reasonable one; " so I have given him your name, and have said that I have no "doubt that you will give him the information that he desires." My correspondent was not entitled to take that course, but I willingly assented, and accordingly addressed a very awkward question to the Actuary of the London Life. I invited the Actuary's attention to the above-quoted intimation that his Directors "decline to furnish estimates far in advance," and I enquired how, if that was still his attitude, he proposed to utilise the opportunity of comparing the probable results of a Policy in his Office with those of a Policy in any other Office. The Actuary very wisely declined to answer my question, simply saying that he preferred to be in direct communication with my correspondent. In other words, I had the Actuary in a cleft stick and he knew it. The outcome of the Actuary's "direct communication" to my correspondent was that my correspondent accepted my advice and effected his Insurance through me. Every man who takes out a Policy in the London Life buys a pig in a poke unless the authorities of that Office will depart from their prudently reticent attitude and state explicitly in advance **when and of what amounts** reductions of premium will be allowed, on the assumption that the Office continues to do as well for its Policy-holders in the future as it is doing at present.

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216. There are two ways of deceiving the public. One way is by telling a downright, plucky lie, and taking the risk of being found out. The other way is by using words which are perfectly true if construed in one sense, but quite deceptive if read in another sense, and eminently likely to be read in that other sense. The latter is the Oriental's way of choosing its title. That the title of the Oriental Office is calculated to mislead the public, and

does mislead the public, is patent. I quote from a letter of last July in which an officer in a good position in India, holding a Policy in the Oriental, asks whether he can improve upon it, " taking into consideration the fact that I have Government security for my Insurances " ! The holder of a Policy in the Oriental Office no more has Government security for his Insurance than he would have if he took out a Policy granted by myself, and if any petty little capital that I possess were invested in Consols.

#### SPECIAL SCHEMES FOR THE INSURANCE OF NAVAL AND MILITARY OFFICERS AT CIVIL RATES, PARTICIPATION IN PROFITS BEING DEFERRED UNTIL RETIREMENT FROM THE SERVICE.

217. One after another, various Offices have brought out schemes all resembling each other in this particular, that under them the Naval or Military officer is insured at civil rates by a Policy which covers the risks of war, while in consideration of his being let off the usual Naval or Military extra charge his Policy earns no bonus until his final retirement from the Service. Save in unprofitable Offices, in which it is folly to insure, these Policies are a miserable trap, and I regret to say that the terms in which the scheme is referred to by the various Offices concerned are in my judgment by no means creditable to their intelligence or else to their integrity. I have before me a circular of The Army and Navy Stores, which holds an agency of a certain Life Office. In this circular the Insurance agent in question, worthily of his kind, describes the Naval and Military scheme in question as one which " offers unequalled advantages." **So it does, but it offers them to the Insurance Office, and not to the insured person.** I have worked out this precious scheme, and I find that a Naval or Military officer, aged 30 next birthday, who takes out a £100 Policy under this scheme, who retires at 55, and who dies at 65, stands to lose at death, at present bonus rates, £43 13s.4d. by comparison with the result of his taking out a Policy for £100 on the usual plan subject to the ordinary military or naval extra. It is an interesting question whether the authors of the circular in question are or are not aware of this fact. Again, I have before me the special scheme of the London and Lancashire Office, in which prospectus it is stated that the terms of the same special scheme " will be found to be very favourable to officers in the United Services." Of course it is quite true that

where the bonus rate of an Office is poor (as in the case of the London and Lancashire—at its last valuation the bonus was nil) the special scheme is nearly a free gift, for no one would object to forfeiting bonuses which have no existence; but if, on the other hand, an Office which pays a decent reversionary bonus be selected, the scheme is beneath contempt.

#### SYSTEMATISED SAVING BY ALL : SINGLE-PREMIUM INSURANCE.

218. I would ask every reader to turn to Paras. 67 and 193. The trend of events only confirms my views regarding single-premium Insurance. Evidence accumulates in my hands concerning the instability of most ordinary investments. Single-premium Insurance also has the exceptional merit that it puts a most valuable obstacle in the way of premature dispersion of savings before retirement. Pensions are very far in these days from being a resource on which any prudent person can rely exclusively for himself and his family after retirement. Every officer in every Service should nowadays make it one of the objects of his official life to accumulate a fund of savings quite independent of his Government, and which, moreover, can be removed from the reach of a predatory and unscrupulous Government at home. No man can predict for certain that if the ideas with which the present Government is impregnated extended themselves over the community Pensions might not within a measurable space of time be ruthlessly cut down. **I would fain see the principle adopted by the entire official community of India that the time has come for a general and concerted movement in the direction of economising.** As I have said elsewhere, if all men set to work to save alike no individual would be in an invidious position: to use a metaphor, as regards entertaining, whisky and soda might take the place of champagne, and a good thing too. I was struck by the remark of a fine old Admiral very recently made to me with reference to additional taxation with a view to the safety of the Empire. He said “I would gladly pay additional taxation. “What would it matter to me if I walked about with a hole in my “coat provided that everybody else did the same?” Indeed, so far as I myself am concerned I would rather be a ragged patriot than a well-dressed traitor. The scale of our expenditure after all is largely a matter of custom, and is almost entirely regulated

by what other people do. I wish I could see the view adopted in India by everybody, high and low alike, that the first duty of every man to himself and his family is to set apart a substantial portion of his income to meet the uncertainties of the future, and that the fact of not saving, so far from being meritorious, is the reverse. Now, even in cases where men are afraid of committing themselves to a long series of annual payments, with loss attaching to an interruption thereof, there is no such obstacle where single-premium Insurance is adopted. Moreover, I have completely got rid of the lion in the path of a series of single-premium Policies effected annually, and I shall have great pleasure in explaining my meaning to all *bonâ fide* applicants for my advice on my conditions. If these views were acted on, the aggregate result would be that after retirement there would be a Service far more comfortable and far more able to keep up the little hospitalities which grease the wheels of life.

#### A VERY VALUABLE EXTRACT : " THE SAVING HABIT."

219. I have just received a letter from an officer of the I.C.S. containing remarks worthy of the careful attention of every reader. I only wish that they could sink deep into the mind of every official, and never be forgotten. My correspondent writes thus : " It seems to me to be sounder to go in for a Life Policy " towards which one must make definite annual payments, rather " than to rely on making investments, which are optional and can " be easily avoided, and for which also one requires special know- " ledge, and a fair amount of spare time. . . . I look upon a " **Life Policy as a sound way of saving money, and of producing** " **the saving habit.**" My correspondent includes in the term " a " Life Policy " an investment Policy payable after a term of years.

#### INSURANCE AS A PUBLIC DUTY.

220. There is an aspect of Life Insurance upon which too much stress can scarcely be laid, and that is the aspect of a man's duty to his brother officers. Quite recently I have heard of two cases in which men who rose to high positions in their Department left their families almost absolutely unprovided for. Only yesterday I saw a lady who was left in the same way, and whose husband had deliberately neglected my earnest advice to him to insure his life as a provision for his widow. In such cases, what happens? Why, the hat has to be sent round and others who

have their own responsibilities and cares are constrained to do the duty neglected by the man responsible. It is nothing short of scandalous selfishness on the part of any husband or father to leave his wife or child unprovided for; and the excuse that he cannot afford to insure is quite untenable: see the admirable passage quoted in Para. 13 of my Pamphlet from "Chambers' Journal." A short time ago I was addressed by a retired officer, who has felt the burden of providing for indigent families, and who asked me if I had any objection to his sending a circular to the members of his department. Of course I consented, and his intended circular seems to me so valuable that with his consent I reproduce portions of it here. I need scarcely assure my readers that his idea was entirely unprompted by me, and that his words are absolutely his own, not one word of what he has written having been suggested by myself. The passage is as follows: "Before retiring fortune favoured me and I wish others to know "about it, as some may benefit from the knowledge of it. "\_\_\_\_\_, a retired officer of the I.C.S., scrutinized my Life "Insurance Policy and gave me his advice and opinion which "astounded me. I carefully considered my position: surrendered "my Policy: drew a large sum of money (surrender value) and "took out a fresh Policy for a larger sum than originally insured "for and for a less quarterly premium. My gain therefore was "absolutely a free gift, because not a penny of the money would "I have had for my own use but for the expert advice I had. "To the insured members of the department let me advise them "to obtain the same gentleman's opinion on any Policy they hold. "To the uninsured let me advise them to give the question of Life "Assurance their immediate attention and write to the Expert for "advice in obtaining a Policy before it is too late. At the death "of many an uninsured, I, like others, have seen women and "children stranded, left the objects of public charity; this must "be humiliating to any one unprepared for the inevitable, and "demands the attention of the bread winner. The Expert charges "nothing; my business with this gentleman cost me about six "annas on postage and nothing more. For information of the "uninsured let me add that to obtain several tables from various "Companies and make comparisons for oneself is not sufficient— "it really requires an Expert in the intricate business of Life "Assurance to point out which is the most suitable Policy and the "best Company to deal with. Advice can be taken or left just

" as a man thinks fit, but this gentleman requires a promise on  
" honour that the contents of his communications will be kept  
" strictly confidential. . . . Personally I have nothing  
" whatever to do with any Company (bar holding a Policy) or  
" Company's men; neither have I anything to do with the Expert  
" referred to (bar a deep sense of gratitude); my only object in  
" writing is to let others know of a good thing, and to try and get  
" the uninsured to act so that some widows and children of the  
" future may be spared the pain of being dependent on the " hat  
" " sent round " for either a short or long period. Some may  
" think all this an exaggeration of facts—too good to be true—  
" but it is beyond any adverse criticism, and any presenting argu-  
" ments against the possibilities of what I have herein stated only  
" put themselves up to ridicule—the proof of this bold statement  
" can be got at by acting as suggested and the expenditure of a  
" few annas on postage." My correspondent writes as follows :  
" You will also see that I have on my mind the welfare of the  
" women and children of my late Department at heart—it has been  
" many a sorry day to me to have to take up the cause of such  
" left without a second rupee in the house. One poor woman,  
" the wife of a sergeant, whose husband died about the 28th of  
" the month had not *one* rupee in her possession, and she told me  
" her cook was feeding them up to the first, when she hoped I  
" would pay out. Heartrending cases I know of, due to stupid  
" selfish men not insuring—officers alike."

I would also here quote a few words written to me by a Naval officer. He said : " I wish to thank you for your advice and help  
" in this matter, and shall have much pleasure in recommending  
" you to any Naval officers who I hear are thinking of taking out  
" a Policy. It is a great pity that so few of them realise the  
" advantages of Insurance. One so often hears of widows and  
" families of Naval officers being left with nothing but their  
" meagre pensions." I am sure that this aspect of the subject  
has only to be impressed on a great majority of husbands and  
fathers to convince them that it is their duty to make adequate  
provision to the best of their ability for their wives and children.

## SENIOR OFFICERS.

221. One more word to senior officers. The downward curve  
of health as we get on in life is a pretty sharp one. I have seen  
in my own experience many instances of men who one year were

*Please write legibly, and register your letters.*

perfectly well and the next year were conscious of serious disease. This is one important reason why senior officers who thus far have neglected Insurance should resort to it. Another reason is that in the closing years of their service they receive high pay, and have ample opportunity to save. I can put before any senior officer, even if he have only one more year to serve, schemes of Insurance which have commanded the approval of many, and I can adapt his Insurance to each man's particular circumstances. A senior officer only has to tell me how much he is willing to set apart, and during how many years, and with this information, and a statement of his object in insuring, I can send him a scheme which he can take or leave as he thinks fit. Only the day before these words were dictated, I had with me the wife of a senior officer responsible for the education of several children, and who has to retire some five years hence. Fully realising the coming educational strain, she strongly approved of a certain educational scheme which I had shortly before prepared for a senior officer of the P.W.D. of exactly her husband's age, and at her request I have sent out particulars of that scheme to India. I believe I have remarked elsewhere, that the substantial reduction of expenditure during the closing years of Service is doubly advantageous when one retires. One then descends from a lower plane of expenditure, and with the aid of one's savings one alights upon a higher plane of expenditure than otherwise would have been possible; *i.e.*, after retirement one enjoys a larger income than would have been the case if one had saved nothing, and had been dependent on one's Pension alone.

#### ON THE MORALITY OF MY WORK.

222. An officer of a British Regiment serving in India has been kind enough to address me recently in these words: "I cannot thank you too heartily for the advice you have given me and for the pains you have taken in my interest. Insurance at the present day has many pitfalls for the average man, and it is a good thing that you, with a fine Indian record and a reputation for the strictest honesty, are there to advise us. I wish you every success and will gladly recommend you to my brother officers." I should feel hypocritical if I accepted such words in silence, realising as I do that honesty in my work is emphatically the best policy, quite apart from questions of conscience. I go straight in my work for many reasons. I hope

that the chief reason is the obvious one, that it is the plain duty of a retired member of my honourable Service to walk worthily of it, and that it is also my plain duty to my own family to do nothing of which they might ever have cause to be ashamed. I also owe it as an act of bare gratitude to men who being total strangers honour me with their confidence to advise them exclusively in their interests. But there are plenty of other reasons each in itself sufficient to deter me from adopting the methods of Insurance agents, inspectors of agents, Indian Bankers, and other persons of that description. In the first place, it is a well established axiom that no person is as clever as the whole community is. I might deceive a large number of individuals by dishonest work, but sooner or later the cumulative intelligence of my victims and of others who consult me would find me out and the game would be up immediately. My business would come to a well-deserved and ignominious end. Although men who consult me loyally observe my conditions, yet those enquiries which they are cordially invited by me to make would sooner or later reveal the fact that my advice had not been the best that an honest and intelligent person could have given. If there were good grounds (there are none) for the very insolent enquiry put to me a mail or two ago by a young man in India who has yet to learn manners, namely, whether the scale of commission paid by the particular Office which I have recommended oftener than any other is higher than the scale of another Office which he named, and by the local representatives of which Office he was obviously instigated, and if I were falsely to deny that fact, my falsehood would sooner or later be detected. Therefore it would not pay me as a mere matter of business advantage to lay myself open to exposure on that head by accepting commission in contravention of my promise on honour, *i.e.*, commission in excess of the normal scale in general use amongst first class commission paying Offices. If there were good grounds for the equally impertinent enquiry alluded to in Para. 96 of my Pamphlet and further dealt with in Para. 132 thereof, and I were unable to answer (as it is in my power to answer) by informing correspondents of that kind that I have on numerous occasions recommended Offices which pay no commission at all and have actually placed Policies for £5,000, £2,000, and smaller sums with two such Offices, the invulnerable position which I now hold would cease to be tenable. There is only one way in which I can utterly paralyse the malign efforts of

those who would fain destroy my business if they could, and that is by recommending to each man to the very utmost of my ability, and without the smallest regard to the question of commission, not only the best Office for his case, but the very best kind of Policy for his interests that my knowledge and experience can devise. The direct consequence of my doing so is that my detractors are forced back on falsehood. Unfair and disingenuous assailants such as William Schooling,—Indian Bankers who have exhausted themselves in inventing calumnies concerning me and my work,—and Insurance agents, find it impossible to attack me except by means of accusations which have only to be submitted to me to be torn in pieces. I trust the day will never come when a true charge will be laid before me for an answer. At present, such accusations as I have had to meet have merely revealed the miserable weakness of my assailants' case; and all this is due to the simple fact that I understand my subject and have given advice which no man living to my knowledge has ever yet been able to condemn on true and reasoned grounds, that advice never having been vitiated by selfish considerations. But there are yet other reasons why it pays me best to advise and to fight fairly. Would any one of my readers give twopence to put the muzzle of his rifle through the bars of a cage and slay a captive tiger inside it? Assuredly not. In like manner it would not afford me one grain of personal satisfaction to turn a man away from a good Policy, or a good Office, by **underhand means**. My work gives me satisfaction beyond words because my victories are won by fair means. I recall a passage of arms between Lord Brougham and Sir Alexander Cockburn, if my memory serves me. The former expressed at a Bar dinner the monstrous sentiment that it is the duty of the Advocate to win his case by every means in his power. Sir Alexander Cockburn dissented, and replied somewhat as follows: "The weapons which an Advocate wields should be the "weapons of a warrior and not of an assassin: he should learn "to reconcile the interests of his client with the eternal interests "of truth and justice." An Advocate who acts in accordance with the dictum of Sir Alexander Cockburn has profound personal satisfaction in his work, and when he stamps on an enemy, as I stamp perpetually on lying Insurance Offices and others who deserve it, he does not enjoy a mean and unworthy triumph, but one to which he can look back with heartfelt satisfaction. I know

no pleasure keener than that of putting a knife into a knave; but to put a knife into an honest man is assassination. Now, my work is my one pleasure in life. It is full of interest to me, and I never grow weary of it, or I could not work for 12 or 14 hours a day. It is the consciousness that every bit of my work is done, to the best of my humble ability, fairly, justly, and without bias, that makes it a pleasure. I have, moreover, yet another reason for advising in a single-minded manner. I am proud of my work, as I always was proud of my work as Government Advocate of the Punjab. It would be acute pain to me if any adversary were able justly to hold me up to ridicule as having given, in however good faith, unsound and incompetent advice. I am not so constituted as to smile and pass on to my next point, as I have seen an Advocate do in Court whom I convicted of misquoting the record. I should be ashamed to be caught out and deservedly ridiculed. Thus, many distinct considerations unite in impelling me to advise both honestly and carefully, and I ask no credit for so doing.

#### THE WEAKEST POINT IN MY CASE: A PARADOX.

223. I have to deal with a subject in respect of which it behoves me to bear in mind some recent remarks upon the style of Mr. Roosevelt, "inexhaustible in wrath and adjectives." There is much truth in the observation that "The President may be "right in all these instances, but he injures his case by verbal "violence. Public opinion is staggered by his words, when it "might otherwise be impressed by his meaning. It is as though "one should hit a man in both eyes in order to help him to see." In my work as an adviser on Life Insurance I am constantly tempted to use "verbal violence" in order to express adequately the astounding degree of dishonesty and chicanery which comes under my notice. I am not prone by nature to use such expressions as "terminological inexactitudes"; when I come across a false statement I myself prefer to call it a lie; and I am heartily in sympathy with that truly great man, Mr. Joseph Chamberlain, who in reference to the election fabrications regarding Chinese "slavery" said, I believe, that for his part he preferred to describe them as lies with a certain adjective prefixed to the term.

The weakest point in the case which I present to my readers as justifying my views on Life Insurance consists in its overwhelming

strength. The facts which I allege—and I never allege publicly or otherwise a fact of which I do not hold in my own possession conclusive proof in black on white—are so extraordinary that if any of my readers decline to accept them as true they have my sympathy. I am not aware that any other person has formulated such charges against well-known Insurance Offices as I have done, and it is a very reasonable argument for level-headed people to advance that it is incredible that I alone can have detected and can have dared to expose the malpractices which I have in my mind. All the same, those level-headed people are wrong. No doubt students of Life Insurance generally may have realised long before I took up the subject the dishonesty of many Insurance allegations, but I doubt whether the combination of knowledge and of absolute fearlessness of the consequences of making that knowledge known has ever before coexisted in an individual, and for the very good reason that in all probability those persons who had the knowledge, and possibly had the pluck to express it, were devoid of *legal* knowledge and very prudently kept their mouths shut for fear of the law of libel. Now, unfortunately for dishonest Insurance Offices and persons connected with them, I have some knowledge of the law of libel, and therefore I have not been in the least afraid of consequences in exposing dishonest practices with chapter and verse as I have done. And if any reader of these words be disposed to think that I overestimate my legal knowledge, I would beg that individual to reflect that there is a good deal in the fact that at the end of nine years I can say that I have never been run in yet, and that every time that I have been threatened—and I *have* been threatened—my threatener has thought fit to be content with threats. Thus, even if I have been the first person to state publicly that certain highly reputed and highly esteemed Insurance Offices are dishonest, it by no means necessarily follows that I am not justified in saying so. I confess that there is a strong *à priori* presumption against the correctness of a charge of dishonesty when brought against a responsible representative of such an Office as the Scottish Widows. As a distinguished physician remarked to me the other day, the Scottish Widows' is popularly considered to be at the top of the tree; and it would be absurd to deny that an Office which contains amongst its Directors men of distinction, social eminence, and professional renown, has the strongest possible presumption in its favour that it is incapable of

countenancing unworthy proceedings on the part of any of its servants or agents. Well, there is a good old Scottish saying, "fac's are chiel's that winna ding." My assertions are either facts or fictions. If they are fictions, they constitute libels of the most despicable and infamous kind, and a verdict awarding against me damages that would absolutely ruin me would be within the mark as a penalty for my making them. If, on the contrary, what I state to be facts *are* facts, then, preconceived presumptions must go by the board, and my readers must perforce acknowledge that their estimate of eminent Offices such as the one just mentioned will no longer hold water. Now, if what I assert are not facts, why is it that a powerful Corporation like the Scottish Widows, with 18 millions of capital at its back, does not instantly appeal to the Courts for redress? Am I so negligible a quantity that these gentlemen can afford to smile with derisive contempt at my statements? I should never proceed with an action for slander against a crossing-sweeper who hurled abusive charges at me because I refused to give him a copper. But I fear that if that is the excuse resorted to by the Offices which I publicly denounce it is one which will carry little weight with those who realise, first, that I influence a vast amount of Insurance annually: secondly, that I am very well worth powder and shot financially: thirdly, that I am a barrister-at-law of nearly 38 years' standing: and lastly, that I am a retired member of what was not long ago described in the House of Commons as being the most distinguished Service under the Crown, namely, the Covenanted Civil Service of India. No retired member of my Service is a negligible quantity. Moreover, even if my allegations were anonymous, they are so explicit, and are so backed by references to evidence which can be inspected by any person who desires to see it, that they need an answer if the good name of the Offices concerned is to be maintained. The silence of those Offices, and the fact that they content themselves with silence or with empty threats alone, suffice to convict them of having no answer to offer. And if there be no answer to my charges, who can deny that my case is proved, and that it is sheer folly to accept as true any statement whatever concerning Life Insurance which is advanced in any Prospectus that ever was printed, or which is made by any Insurance person, unless and until such statement has been subjected to independent examination and verification? People may say, "Subordinates doubtless lie and exaggerate and

"conceal the truth and suggest falsehood for their own selfish ends, but those great Offices cannot possibly be aware or approve of such proceedings." That is all very fine, and that is the assumption upon which in such cases I always myself proceed. But what is to be said if the Head Office of any of those lying representatives not only fails on due investigation to dismiss or otherwise suitably to punish the lying subordinate, but moreover backs him up in his rascality? Such conduct makes the Head Office responsible as an accessory after the fact, and in one way is even more reprehensible than the misbehaviour of the subordinate. Insurance agents as a rule are persons in whom one would not expect to find a high moral tone. But Boards of Directors in the position of gentlemen—men of education, ability, and distinction in their professions—cannot take refuge under any such plea: the greater their ability and their eminence, the greater their guilt. Take the case of the Scottish Widows' Fund Office described in another paragraph. I am absolutely certain that there are Insurance Offices which are honest in the completest sense of the term. But my point is that there is no Office which is popularly regarded as more immaculate than the Scottish Widows, and therefore that if the public are wrong in their estimate of the Scottish Widows they should acknowledge without more ado that they know nothing about the subject, and that they are neither fit to do their own Insurance business nor to pass judgment upon me for the opinions which I express and the facts which I state. It is most distasteful to me to expose dishonest proceedings on the part of Insurance people. I would far sooner be left in peace to do my advising under fair conditions. There would be no necessity whatever for me to attack anybody. But when I find that behind my back the representatives of Insurance Offices are endeavouring to poison the minds of persons who have consulted me, whether by lies, or by a baser form of lie, namely, suppression of the truth or a suggestion of the false: when I find a scoundrel endeavouring by a succession of lies to secure a case for his Office: when I even find the actuarial staff of a well-known Scottish Mutual Office (not the Scottish Amicable) endeavouring to poison the mind of a man who had taken out a Policy through me by furnishing him with a grossly incorrect comparison of his Policy and of one in their own Office: when I come across these things I decline to submit to them in meek silence. These fights are forced upon me. Naturally I fight, and in doing so I fight not

only for my own hand, but also in the interests of the uninformed public who are the victims of such persons as those typified above. My readers should also remember that my business is now so splendid that I have an immensity to lose by unsuccessful defence of a libel action. Even if no more than a farthing's damages were awarded against me, the fact that I had failed would be heralded in all directions, and my business would suffer severely. Therefore, for every reason I am exceedingly cautious, and the best proof that none of my public utterances have exceeded the limits of truth and lawfulness is found in the fact that not one of them has ever been brought to the test of an action at law.

#### THE GREAT UNCERTAINTY OF LIFE.

224. Those who perused my remarks of 1908 may recall my para. 194 in which amongst other cases I described that of an Officer for whom I completed an £1,800 Policy rather than let him go back to India uninsured, and who died within seven weeks through blood-poisoning. Very soon after that case occurred I was consulted by another Officer of the same Department about a small matter and in sending him a reply I added a postscript, parts of which run thus : "P.S.—If it is at all practicable I advise you to increase your insurance. . . . I strongly advise you to realise the grave and special risks which you run . . . and to do what you can to increase your insurances . . . Pile on insurance for all you are worth, and you will sleep more soundly at nights." His reply to that postscript was promptly to decide on taking out further insurances for £1,800, and he remarked ; "I shall, as you say, sleep more peacefully when I have got these new Insurances an accomplished fact." I instantly sent to the Insurance Office my own cheque in payment of the first quarterly instalments of premium and thus covered this Officer without delay. A brief year elapsed, and he again consulted me regarding a little son just born for whom he had begun putting by a small amount each month. In reply I advised him to use that small sum as the premium of a certain Insurance Policy. That letter never reached my correspondent, who died only eight days after having addressed me while he was in health and strength. A more solemn sequence of events could I think scarcely be invented. This Officer is induced to insure by the warning which I gave him concerning a brother Officer of his own and whom by a strange coincidence he attended in his last

hours. Scarcely has he taken my warning and insured when he himself is struck down in like manner. And so may all of us be. It is not only in respect of Life Insurance that men should be warned of the uncertainty of life : it is a very solemn duty to those whose interests are dear to each one of us that we should at all times have our affairs in order : our wills up to date, and all other preparations duly made for the contingency of our unexpected deaths. It is the last act of kindness that we can render to those whom we leave behind, and it is an act of selfishness and unkindness to leave our affairs in confusion, thereby inevitably causing trouble and possibly causing great loss to those for whom we are bound to provide.

#### THE DANGERS OF AVOIDABLE DELAY.

225. Two recent cases may well be quoted under this head. An Officer in the A.P.D. who wanted a £500 Policy obtained my advice and had the Policy at his command. He delayed for several weeks to act, and one fine morning got orders for the West Coast of Africa, thereby becoming liable to a prohibitive extra. In consequence, he went out uninsured. Again, an Officer serving at home obtained my advice on the 11th of March last, and I particularly warned him against delaying. He has let nearly four weeks pass and has suddenly been warned for service abroad, thereby becoming unable to declare that he has no present expectation or intention of leaving Europe, so he too in consequence of this delay has done himself substantial injury. I cannot say too often or too emphatically that when once a man's mind has been made up concerning Life Insurance he should lose not one hour in carrying out his intentions.

#### A STRIKING CASE.

226. I might almost base my offer of advice concerning Life Insurance on the one case described below, even if I had not at my back the fact that more than 5,000 persons, for the most part highly educated officers of the various Services, and also many members of the learned professions, have actually insured through me. It is not likely that so large a number of able men would have been misled by incompetent advice. The case which I am about to describe is, however, one of peculiar interest for more reasons than one : indeed, I consider that it constitutes one of the greatest triumphs yet achieved by me. Men who consult me may

be divided roughly into three classes. There is the man who throws himself down on a sofa in my room, and says to me: "I know nothing about this subject, Mr. Henderson: tell me what to do, and I will do it": secondly, there is the average man who takes a fair amount of trouble to understand, not only my advice, but also the reasons underlying it: and thirdly, there is the man who comes to me strong in his own convictions, confident that by dint of the very best and most careful inquiry in his power he has already arrived at a sound conclusion, and that I cannot possibly improve upon it, and who is determined to accept not one single proposition advanced by me without seeing with his own eyes chapter and verse as my warrant for it, and without satisfying himself that if it be granted that my facts are correct, they moreover lead up irresistibly to my conclusion. Of these classes, the first class pays me a great compliment, and I value it, but such men are totally useless to me in my business, for if, after acting on my advice, they urge another man of a cautious turn of mind to consult me, and he enquires from them whether they verified my statements before accepting them, they can only confess that they did not do so, and their recommendation of my work is immediately seen to be valueless. On the contrary, men of the last-named class are priceless to me, for in reply to such an enquiry they can say that they are personally able to vouch for the correctness of my facts and of my application of them. The case described below falls under the third category. A short time before I was consulted, my correspondent had resolved to take out a Thrift Policy for his baby, and proceeded to investigate the choice of Office and Policy for himself. He is a graduate of Oxford, and took honours in mathematics, and after an interview with him, which I think lasted fully two hours, I may add my opinion that he is one of the ablest and keenest-minded men I have yet come across. I have never been put through my facings with such persistency and such determination to verify my premises. Attracted by the specious professions of the Old Equitable Life Office of superiority over other Offices, because that Office pays no commission, my correspondent examined the terms of their Thrift Policies for children, and, completely misled by a Bonus Table published in their prospectus, which I consider a grossly disingenuous and misleading Table (because it says not a word to warn the reader that the actual results there shown include the performance of the Office achieved during a period when the

bonus rate of the Old Equitable was far superior to its present rate), he decided to take out his child's Policy in that Office, and secured a £1,000 Policy costing £10 a year payable till death, and which I may mention stood to be worth £2,007 if the child's death occurred at the normal date, about age 59, and at the rate of bonuses declared by the Old Equitable Office at each of its last two valuations. In working out with me the details of his Policy my correspondent not only insisted on my fully explaining to him the entirely peculiar bonus system of the Old Equitable Office—not only required me to substantiate my description of that system by showing him particulars of it in the latest Valuation Report of the Old Equitable—but furthermore required me to produce my Parliamentary Returns to prove that the recommendations of the Actuary on this subject had been adopted by the Board of Directors and returned to the Board of Trade! Nor was he even then content, for he required me to work out details of the bonuses at quinquennial intervals until the child's normal date of death—a nice series of sums in arithmetic! Those sums worked out the bonuses to a shilling at the amount which I had named in the first instance, and my correspondent was then convinced. He then told me that he had been quite misled by the Old Equitable's Bonus Table aforesaid, and turned with me to an examination of other policies which I proved to him to be vastly and almost incredibly superior to his own. It does not suit my purpose to disclose the details of my demonstration, for I have unscrupulous imitators. Suffice it to say that I knocked the bottom out of the Old Equitable Policy with ease, and it is a source of unbounded satisfaction to me to state that this brilliant mathematician—now a man of mature age—had no hesitation in throwing his Old Equitable Policy overboard and replacing it by one put before him by me. Every man who takes out a child's Thrift Policy in the Old Equitable Life Office commits a grievous and pitiable error. In closing the matter my correspondent was good enough to address me as follows : " Thank you very much for the note on other forms " of Assurance which I shall study with interest. I shall, of " course, be only too pleased, if opportunity occur, to advise any " acquaintances of mine, intending assurance, to avail themselves " of your knowledge and kindness, and I think now I can point " out with some force how impossible it is for the ordinary " individual to estimate, from the data given, the relative " value of the advantages offered by the different Offices.

" I am extremely obliged to you for all the trouble you have taken  
" over my business, and believe me to be yours very sincerely." Subsequently, in reply to an enquiry by me as to his degree, he wrote as follows :— " I have an Oxford degree—an honours degree  
" in Mathematics—a fact I mention as it may be supposed to  
" make me better qualified to check your various statements as to  
" probable future values—which I did most thoroughly." If the foregoing case does not prove the inexpediency of attempting to dispense with technical advice concerning Life Insurance it ought to do so, and I trust that my readers will not only remain convinced themselves, but will deem it an act of kindness to others to impress the same truth upon them at every practicable opportunity.

#### A USEFUL INSURANCE PAMPHLET IN A SENTENCE.

227. I have just received a letter from an Indian planter containing a passage which sums up in a few words the case for which I have contended all these years. He writes as follows : " I only received your excellent and explicit Pamphlet a few days ago. I went into the question while at home in 1907, and gave it up in disgust. First one agent would inform me that only his Office was worth anything, and then another would come along, and say the same thing about his own." When the readers of this Pamphlet learn the disgraceful device resorted to by the responsible Bristol representative of even so highly-reputed an Office as the Scottish Widows' Fund Life Assurance Society in order to deceive a young Officer, to turn him away from a better Office, and to " secure his proposal " for the Scottish Widows' Fund, they will, I think, be convinced that I am amply warranted in saying what I have said times without number, namely, that the ordinary man who attempts to do his own Insurance business or accepts the guidance of Insurance agents or other representatives of Insurance Offices, or anonymous advice in the columns of newspapers, courts disaster and deserves to lose his money.

#### INDEPENDENT TESTIMONY.

228. I should like to invite particular attention to the following passage quoted from a letter addressed to me by a man who is the head of a great firm in this country. His employés are so numerous that he has written an admirable Pamphlet exposing the fallacies of socialism, chiefly for the benefit of his own men. He has never even seen me, and I greatly value the opinion of such a

man. The passage is as follows : " I am much obliged to you " for your letter of the 24th instant. I have looked over your " Pamphlet sufficiently to deeply regret that such a neutral and " independent authority as yourself was not available to me years " ago when I insured my life. But I knew of no such helper and " I had laboriously and even painfully to pick up information from " one source and another to accomplish what I wanted, but all " that is now passed and gone and I have no need or intention to " increase my life insurance and therefore have no justification in " seeking your valuable help. But I can quite see how great your " assistance and technical knowledge can be to younger men who " are, or who ought to be, seeking for some safe and economical " Life Insurance Offices."

#### FURTHER VALUABLE TESTIMONY.

229. The following passage was written by a distinguished political officer, one of many, I am proud to say, who but for my Pamphlet would probably have stood uninsured to-day. I have any amount of evidence to show that men are constantly deterred from insuring by the intricacy of the subject, and also by the feeling that in taking out a Policy they are pretty sure to be done. My correspondent wrote thus : " Had I not chanced to see your " remarkable Pamphlet, I would not have again troubled to wade " into the intricacies of Insurance. Though I cannot say, like " one of your correspondents, that I have found Insurance a " veritable " Eldorado," I am sure I should not have done half " so well, if I had done it 'on my own.' " In like manner I may quote from a letter addressed to me by a schoolmaster. He said : " I realise more than ever the advantage of consulting a dis- " interested adviser in this matter of Life Insurance. Under any " other circumstances I should have been quite at sea as to the " best plan to follow. With your very clear Table before me I " have no hesitation in deciding on the Policy."

#### NEWSPAPER BOYCOTTING.

230. I am sorry to say that during the past year heavy pressure has been brought to bear by certain Insurance Offices upon certain Indian newspapers, and it is no longer possible for me to publish advertisements which warn the public, even in an abstract manner, against dishonest practices on the part of Insurance Offices. Needless to say, I should never have expected a paper

to publish an advertisement of mine exposing an Insurance Office by name, for a paper can be harassed with a libel action, even without a shadow of foundation for it. But I think it is a pretty farce if Offices are to threaten newspapers with withdrawal of their patronage if the papers publish advertisements which are caps the excellent fit of which such Insurance Offices fully realise. I cannot help laughing at the idea of an Insurance Office saying to the Manager of a paper : " He has not named us, " but his denunciation fits our practice so completely that every- " body will know that the advertisement refers to us ! "

#### A GOLDEN RULE.

231. The lies, the nonsense, the rubbish, concerning my advice, that are poured into men's ears by designing or ignorant persons well nigh pass belief. I have before me a letter from an Officer in India, containing the following passage : " On further enquiry " concerning the Company recommended by you, I am informed " that in the event of the death of a Policy-holder resident in " India, his heir or heirs cannot realise the value of the Policy " without being actually present in England." I instantly called upon the writer to give me without delay the name and address of the person who informed him to the above effect. I regret to say that my correspondent has declined to do so, merely stating that he is " an acquaintance." If I knew who the said acquaintance is I would let him have my opinion in somewhat unequivocal terms. If I recommended to a permanent resident in India an English Office which refused to pay its claims unless the claimant presented himself or herself in person in London, I should be a downright swindler, for no man in his senses resident in India would insure in such an Office. It is well for the informant in question that I cannot get hold of him. Let me earnestly entreat my readers to understand that they ought not to believe one single syllable which is said in disparagement of my advice without forthwith giving me an opportunity of contradicting it. As I cannot be effectively assailed by truth I am assailed by falsehood in all directions, and the cruel thing is that I can never get hold of the names and addresses of my calumniators in order to run them in criminally for defamation. Why cannot my friends and correspondents generally observe the invariable rule on such occasions to require their informant to write down his statement on paper and to sign it and date it, intimating

*Please write legibly, and register your letters.*

that that paper will forthwith be forwarded to me for such action as I think proper? Can anything be more just or more proper? In the case in question the deluded person has wasted precious months in effecting an Insurance much needed for another, and might meanwhile have died uninsured, as several persons insured through me have done in the same interval.

#### THE PAY OF THE I.C.S.

232. From every Province in India I receive frequent complaints of retarded promotion and of pay which has only to be compared with the pay of former days to be appreciated. One officer wrote to me last week remarking that applications to the Secretary of State for redress are taken no notice of. Lord Morley is too intent on breeding discontent in the minds of our best friends in India, and on making things easy for traitors, to care for the interests of the Services which made India what it is. The abolition of the best prizes of the Service by the introduction of his miserable local Councils is nothing to Lord Morley, but it has earned the well-merited condemnation of "The Times." A wise Statesman would not need to be told that you cannot breed widespread and deep-seated discontent in the minds of a whole Service without damaging public interests. I well remember the cynical indifference of the Government to the sufferings of the various Services when, by their own insane folly in opening the mints, they wrecked the rupee, until a perusal of a few articles of mine describing a general strike of the Services, discussing the ethics of bribe-taking, and so on, coupled with the determined action of a few others and myself at Simla in calling a meeting of the Services and in assisting their members to petition in no uncertain terms, caused the Government to perceive that something must be done, and led to exchange compensation, such as it was. But, bad as things were then, it appears that owing to persistent over-recruitment and other mismanagement things are even worse now. It is high time that the Covenanted Civil Service took concerted action, and I strongly advise the Service in all Provinces to prepare a remonstrance which every officer individually can sign and submit simultaneously. Such a remonstrance ought to state in scrupulously moderate terms the indisputable facts, which assuredly are strong enough to lead to redress if properly made use of. For my own part, it seems to me that up to a certain length of service the system of incremental pay rising

by a fixed amount each year has much to recommend it. Nothing can be fairer as regards the general body of the Service. Men would then know where they were and what their prospects were, and if the Government chose to muddle itself up by over-recruitment one year and under-recruitment another year its officers would not suffer for it. It seems to me that the best hope of redress would consist in getting the matter taken up by a number of members of the House of Commons on both sides of the House. This has been done with success ere now. I should be only too pleased to do my utmost in this connection, but in order to convince the present Secretary of State for India that the Service cannot be treated any longer with gross injustice it would be advisable for every officer of that Service who has access to a member of Parliament to secure his co-operation.

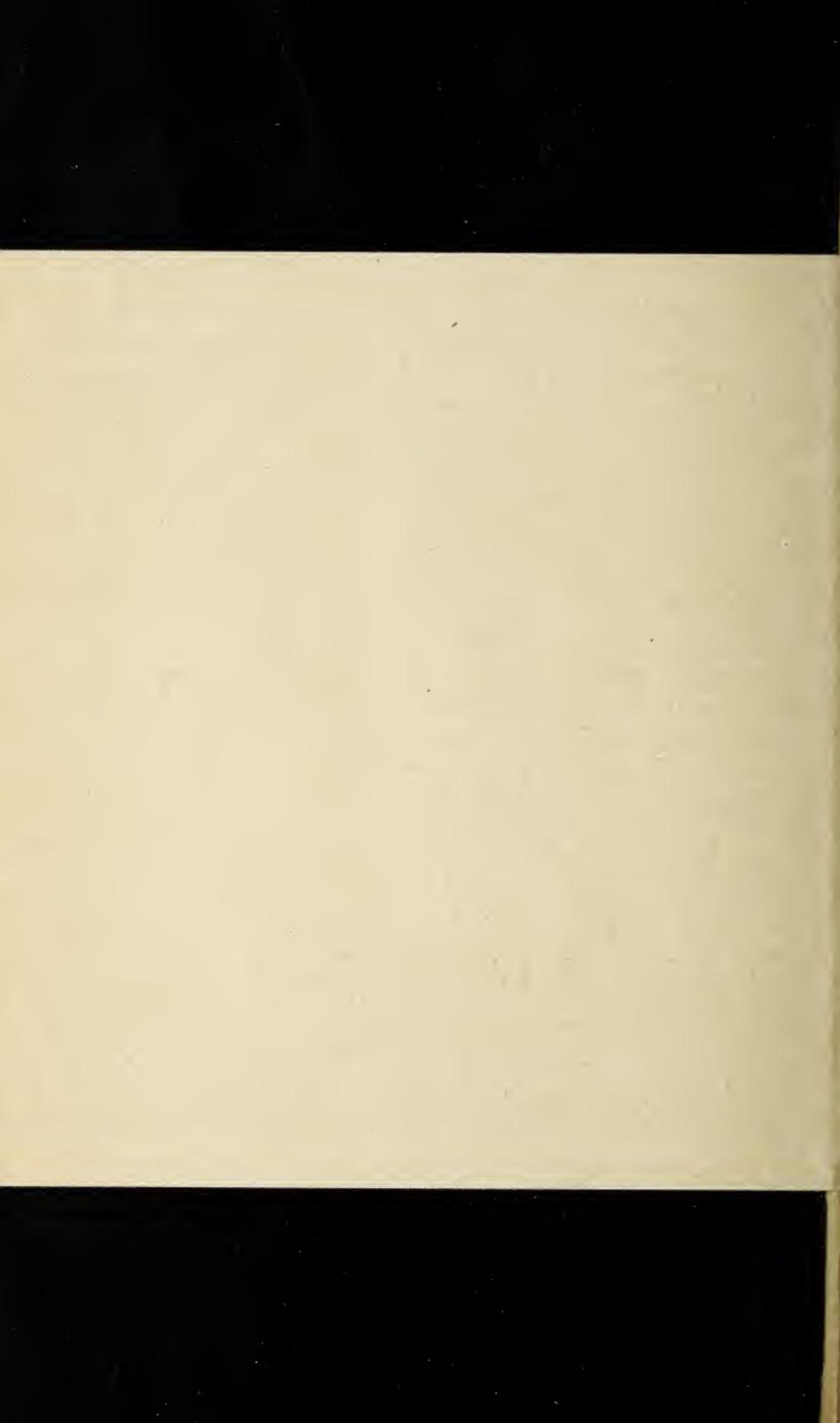
#### INDIAN PENSION FUNDS.

233. The blighting influence of the present Radical Government is shaking our Indian Empire to its foundations. I remember an admirable letter by the late Sir Lepel Griffin in "The Times" on the eve of a General Election, in which he compared the enemies of England to wild beasts waiting uneasily for their next meal, with reference to the possibility that Radicals would get into power. An officer of considerable standing wrote to me by last week's mail these significant words: "I do not like the "position of affairs in this country, and am doubtful whether we "can hold the country much longer seeing how things are going." The Indian mail has brought me a letter from a rising man well up in the Service who writes as follows: "The newspapers will "tell you that India is rapidly going to the devil. We seem to "be chucking away our advantages in a reckless endeavour to "propitiate a class of disloyal agitators, and with no consideration "for the mass of the population, and very little for the Moham- "madans." A gentleman who has just written a most able letter in a home paper, and with whom I am in correspondence, writes thus: "Heaven knows in what position we shall find ourselves if "the present Government maintain their existence for another "three years. The Germans would pay handsomely to keep them "in office." I have just invited the attention of one of the few decent members of the present House of Commons on the Government side, to a resolution passed at a Socialist meeting last Saturday (10/4/09), "wishing the races and peoples of

" Hindustan an early emancipation from the despotic and ruinous domination of Great Britain." This resolution will doubtless be used for all it is worth by seditious persons in India, and may do infinite harm through the ignorance of the natives as to the utterly contemptible minority even of the working classes represented by the said meeting. All this poison is gravely endangering our position in India, and he would be a bold man who would venture to predict with confidence that we shall still hold the country thirty years hence. Now, these remarks bear weightily on the question whether it is prudent or not for men whose own future is inseparably dependent on the stability of the Indian Empire, from which alone their Pensions are to be derived, to put all their eggs into the same basket by arranging their family provision in Funds which would burst like so many bubbles if we lost India. I hold, without fear of contradiction by any reasonable man, that the very first principle which should guide future Indian pensioners in placing their private family provision is to place it outside of the Indian Empire. And it is interesting to mention that I can secure family provision on practically the same terms as those charged by Indian Funds, wholly free from the drawbacks to which those Funds are subject. In this connection it is interesting to refer to Paras. 104 and 105 of my Pamphlet, in which I have described the Indian Postal Insurances and Indian Pension Funds as being exceedingly bad investments. Since I expressed that opinion the Government of India has pleaded guilty as regards its Postal Insurances, and those in charge of the Military Pension Fund have, I understand, done the same by reducing the charges of that Fund by 25% last Autumn. A more signal vindication of my previous denunciation could not be desired. As regards the Provident Funds, again, there is a strong movement to my knowledge amongst various Departments to exempt officers from the duty of paying money into these Funds, and to secure them permission to provide for their families in their own way by Life Insurance. From the standpoint of family provision, the Government Provident Funds are valueless and contemptible, and even from the standpoint of mere investment, Life Insurance is almost exactly equal in return to the ordinary Provident Funds, while Life Insurance is also immune from the political risks which now entangle our Indian Empire. I have proved beyond controversy that to the young married man Life Insurance of a well chosen kind is incomparably superior to

*Please write legibly, and register your letters.*

At last, after three years of foolish inaction, Lord Morley and the Prime Minister have put their foot down and have stamped upon the little knot of misguided persons, headed by Sir Henry Cotton, who have done their best to weaken our hold of India. If those persons could be deported to India, and there prosecuted for abetment of sedition, the Indian Empire would be a gainer. I trust that every native of India into whose hands my Pamphlet may fall will clearly understand that the Indian Empire will be retained by Great Britain at all costs, and that the ill-judged toleration of sedition which has disgraced the present Home Government will promptly be terminated when that Government is turned out, as it infallibly will be, at the next Election. The extracts which I have quoted from letters in the text are intended to show how serious an impression on the minds of officers the ineffable folly of the present Home Government has made, and not to imply the slightest expectation on my part that we are about to lose India. The awakening even of the present Home Government to the necessities of the political situation in India removes the one serious danger to our Indian Empire, and I trust that Indian sedition-mongers will take that awakening to heart. But I have no faith in the stability of Indian investments, and my view is that the savings and the family provision of Anglo-Indians should be placed elsewhere than in India, on the principle that future Pensioners of the Indian Government should certainly not put the whole of their eggs into one basket.—E.P.H. 21/6/'09.



the Provident Funds, and inasmuch as the great majority of officers marry, I have no hesitation in advising that all who can escape the obligation to put money into the Provident Funds should do so, and I am prepared to vindicate my opinion by unanswerable figures, if consulted on my conditions.

#### AN INTERESTING ANALYSIS.

234. If I live to prepare a new issue of my Pamphlet in 1910, when 10 years of my work will have been completed, I hope to include an interesting analysis which will serve to confound a good many of my enemies. It has been laid to my charge that I have in very many cases recommended an Office which takes bad lives,—which although at present doing well “cannot possibly last more than a few years,”—and with which therefore it is evident that sensible Policy-holders ought very soon to grow dissatisfied. Next year I propose to review the Insurances effected through me in the past ten years; to total up the number of deaths which have taken place in that period, and the number and amount of the Policies surrendered. I rather think that, unless my experience of the present year prove altogether unprecedented, my figures will completely silence my antagonists. Thus far my figures are literally phenomenal in their excellence, and refute triumphantly the cowardly and baseless suggestions of envious Offices regarding that one which I have so frequently recommended. I think also that a paragraph reviewing the progress as regards new business and bonuses of the Offices of which I have from time to time written in disparaging terms will also be interesting. But the fact is, there is so much of interest in my work that it is impossible for me to spare room to deal with it all. I have to confine myself on many subjects to a sense of satisfaction that events have proved me right and other people wrong.

#### THE OLD EQUITABLE OFFICE : “ A DANIEL COME TO JUDGMENT ! ”

235. It really is amusing to discover the writer of the Insurance notes in “Truth,”—presumably that same Mr. William Schooling whose overflowing praise of the non-commission-paying Offices I have already discussed in my last year’s notes,—writing sound sense, both on the subject of the low expense-ratio of which the four non-commission-paying Offices make so prodigious a boast, and also concerning their other boast that they pay no

commission. I might have written the following passages myself, and it is very sad to think that if those passages were written by Mr. William Schooling, a man capable of writing both intelligently and truly as he has done in this instance should have stooped to falsehood as he did in the columns of "Truth" when attacking me in 1907, an attack for which, however, I am very much indebted to him, as I concur with many of my correspondents who have expressed the confident opinion that instead of injuring it vastly benefited my business. The passages under reference (page 899 of "Truth," 14th April, 1909), are as follows: It is "pretty generally recognised that no fair comparison of the expenses of life offices can be made on the basis of treating the expenses as a percentage of the total premium income, and that it is more appropriate to take into account the first year's premiums on new policies; when this is done, on the basis that the cost of new business is ten times as much per cent. as the cost of renewal business, it is found several offices issuing a very large amount of new assurances every year are managed as economically as the Equitable. Taking the figures for the year 1907 this Society paid for expenses alone 47 per cent. of the first year's premium, and 4.7 per cent. of renewals. For expenses and commission together the Alliance paid 46 and 4.6, the Legal and General 45 and 4.5, the Prudential 46 and 4.6, the Refuge 40 and 4, and all these are Companies which do a large new business every year. . . . It must be remembered, however, that the Companies which employ agents and pay commission are the apostles and missionaries of life assurance, and if nobody did more than the Equitable at assurance propaganda there would be very few policy-holders in existence. For the Equitable to claim support on the ground that it pays no commission, besides being, as I have shown, a plea that is wholly devoid of validity, looks a little like an attempt to score off competitors who are doing the real work of making life assurance popular."

#### PROGRESSIVE INCREASE OF INSURANCE.

236. Every man in India whose pay is progressive or practically progressive should write to me forthwith for particulars of a new scheme which I have devised and successfully negotiated for the purpose of facilitating progressive increase of Insurance.

*Please write legibly, and register your letters.*

Officers who have promptly availed themselves of the scheme write concerning it as follows: "I have carefully considered your scheme with your Tables and find that it will thoroughly suit my circumstances. The progressive option scheme is in every way an admirable invention—an excellent method of systematic saving—and I have decided to go in for it."

"I should like the remainder invested on your new progressive plan, which strikes me as being an excellent scheme."

"I have been immensely struck by the papers you have sent me concerning increasing Assurance. . . . It is about the soundest scheme for systematic saving I have seen and I would like to start at once. Only last year the value of such a scheme was brought home to me."

"This is exactly what I wanted. Your scheme enables me to strengthen my hands gradually against total loss in case of death before maturity of my original Policy. I gladly avail myself of this."

#### EDUCATIONAL SCHEMES.

237. It is a remarkable fact that by this week's mail I have received more applications for advice in connection with educational provision than anything else. I would earnestly advise every man who wisely contemplates a provision of this kind to consult me before he accepts any scheme whatever. I think I have examined every scheme on the market, and I say without exception that every one of the schemes which I have seen is drawn in the interests of the Insurance Office and not of the person who takes it out. There is no violent urgency about the completion of an educational scheme. It is not like the case of a Policy intended as a family provision and as to which not one hour should avoidably be sacrificed. Therefore, there is always time for a reference to me, and nothing pleases me better than to have any definite scheme which my correspondent would otherwise be disposed to accept put before me. I then have a clear basis of comparison to work upon, and at the same time my correspondent is able to submit my own advice to the test of direct comparison with the scheme which he himself had contemplated. In this connection I beg to refer to Para. 226, detailing a case of which I am exceedingly proud.

#### MY REMUNERATION.

238. Constantly I am asked by men who come here to see me and also by correspondents how much they owe me for my advice.

*Please write legibly, and register your letters.*

I do beg every one clearly to understand that I am owed nothing in any event whatever by those who consult me, whether they act on my advice or whether they do not. My Condition (5) is quite explicit and so is my Para. 2.

#### CONCLUSION.

239. I might well rest content with a collection of extracts from letters addressed to me by men—for the most part entire strangers to me—who have done me the honour of acting on my advice. A better pamphlet could not be written than one consisting of such extracts alone. **The question of interest to those into whose hands my pamphlet comes is not what I think, or what I say, of my own work, but rather what others think of it, after having put it to the practical test of their own experience.** I therefore have great satisfaction in subjoining extracts from letters which have reached me since the publication of my last pamphlet of 1908. I could quote hundreds, but as I wish to keep my pamphlet as small as possible I can only insert a few; and they may well conclude my Notes for 1909.

[THE END OF NOTES FOR 1909.]

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#### EXTRACTS FROM RECENT LETTERS.

*An Officer, Indian Telegraphs, writes thus:—“I shall never cease to be thankful, and I cannot be too grateful to you for your whole-hearted interest taken in my small assurance, and the trouble and worry you have taken to benefit my future. . . . With best wishes for your continued success in this business, which I am proud to see is on the increase.”*

*A Colonel, Indian Army, writes thus:—“I must say, and the same is said by every man who has insured through you, that you have proved a veritable godsend to people in India.”*

*A Major, I.M.S., writes thus:—“I have received your letter of March 26th and I am greatly obliged to you. I have considered it carefully, and it has interested me much. Truly such a letter shows what absolute children the general public are in the hands of Insurance Companies.”*

The same Officer forwarded to me copy of a most villainous memorandum prepared for the purpose of discrediting a far better Office than the Office of which the author of the memorandum is an agent. It contains absolute lies, and my correspondent fitly characterises it accordingly in these words: “It is amusing—if it were not deliberately throwing lies in the face of the insuring public—to hear [here follows the name of the calumniated Office] do not give bonuses to military officers till they retire! I am glad to say I hold two of their Policies both with good bonuses attached.”

*A Judge of a Chartered High Court in India writes thus:—“First, I accept your conditions, of course. I cannot imagine any reasonable and fair-minded man demurring to them. I may add that for some years now I have heard my friends in India speak of you and your work in the highest terms, and I have never heard a single adverse criticism. Especially one of my closest*

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*Please write legibly, and register your letters.*

friends, Colonel —, R.A.M.C., has over and over again pressed me to consult you."

The same Officer subsequently wrote thus: "I think you will understand my points of view, and I leave the decision ENTIRELY TO YOU."

*A Major in the R.A.M.C. writes thus:* "I am very much obliged for the trouble you have so kindly taken in my case and may mention that your name out here in the East is a household word, and fairly stinks in the nostrils of bankers and other agents. Some of them try to make out that "Truth" had you on toast. But the result is that whenever one hears the word insurance nowadays, you also hear the question, 'have you consulted Henderson?'"

*A Member of the I.C.S. writes thus:*—"I am glad to hear that your business is increasing. I shall recommend you to all contemplating insurance or changing their Policies. I should certainly never have arranged my insurance so well myself. It is quite impossible for the ordinary officer to find time to do so, even if he possess the ability."

*A Lieutenant, R.A., writes thus:*—"I am exceedingly grateful to you for all the trouble you have taken on the subject, the more so as I tried once before to take out a Life Insurance Policy, and the agent I went to tried to shove a Policy down my throat which I could not possibly afford. . . . I will keep your letter by me, and if I do take out another Policy I will write to you on the subject. 'Write to Henderson, he has done me awfully well,' was what an officer said to me when I was speaking of the difficulty I had found in trying to get an insurance, and I can only repeat this advice to anybody I see contemplating an insurance or dissatisfied with their present one."

*A Member of the I.C.S. writes thus:*—"I will certainly recommend you to my friends—and have in fact repeatedly done so. I know of no greater service a Civilian can do for youngsters coming out here than that of insisting on their saving and avoiding the wiles of the agents. . . . I think every official should at least have things so arranged that on his death £500 can be paid to the widow at once. If this were uniformly the case half the tragedies out here would be mitigated. The sudden death and rapid burial is now only too frequently followed by a prolonged period of waiting—waiting for money to get away from the sad associations." [An insurance can be arranged so that money can be paid to the widow as fast as a cablegram can travel from and to India.—E.P.H.]

*An Expert in the service of the Indian Government (a closer description would disclose his identity) writes thus:*—"I find that your name is quite well known amongst my friends here. It may interest you to know that all speak enthusiastically of the soundness of your advice."

*An Officer of the P.W.D. writes thus:*—"Insurance seems the soundest investment within limits. I put £200 into Grand Trunks last year and took out £100—and was lucky to get that. I thought I had a safe thing free from the "Active Share List." I mention this as it seems eloquent." The same Officer subsequently wrote thus: "I shall be only too pleased to mention you and your experience at every suitable opportunity."

*A non-official European in India writes thus:*—"I have to thank you for the great trouble you have taken on my behalf; although I myself have been disposed to be careless, impatient, and to regard time spent in answer to correspondence regarding the policies as mere waste, you have shown a whole-hearted interest all through, though the policies are for so trifling a sum. Had I not consulted you I should have been the loser, and I shall certainly consult you if ever again I wish to insure, provided you be willing again to help so troublesome a person, and I shall recommend my friends to do likewise."

*A Royal Engineer writes thus:*—"May I thank you for the exceedingly clear and most painstaking manner in which you have explained to me what I wished. I don't think you could possibly have made the business clearer, and I hope I shall be able to recommend you to others as you have been recommended to me. I wish I had taken your advice sooner, instead of that of the . . . agent, whom I followed blindly, thinking that, as he was a gentleman and thought he was doing well for me, I could not do better."

Please write legibly, and register your letters.

*An Indian Police Officer writes thus :—*“ May I say again how deeply I am obliged to you for all the trouble you have taken on my behalf, and assure you that I shall do all I can to further your business. The more a man sees of Insurance the more must he be convinced how vitally necessary your help and advice is.”

*A Naval Officer, having just consulted me, wrote thus :—*“ Since writing to you, Captain —, of the —, told me that you did his Insurance business, and that I could not be in more capable hands, which was most comforting for one who likes better to be sure than sorry ” At the conclusion of his case the same Officer wrote thus :—“ I cannot thank you enough for the trouble you have taken over my small affairs, and the way you have succeeded in laying the advantages of Insurance before me. I started with rather a prejudice against it and very little knowledge of facts and figures, but I have realised that people who have little to invest cannot afford to take the smallest risks, and that Insurance gives a much better return than most people imagine.”

*An Officer of the P.W.D., India, who had insured through me in my early days, 1901, addressed me in the following instructive terms last autumn :—*“ You perhaps remember me as having insured through you in 1901. I was, for many reasons, glad to get your pamphlet the other day, and was glad to see that you were flourishing and long may you do so, in spite of your detractors. One almost begins to think it is a sin to be successful in these days, for in its train one always sees libel and calumny. The world seems to have taken to being level with one, by dragging you down, or trying to, rather than moving up to you ; perhaps they cannot ! However, since reading your pamphlet, I have thought of doing some further business through you.”

*An Indian Military Officer writes thus :—*“ . . . one like yourself who has done so much to help us in the Service, and I know there are many others like myself who owe you a very great debt of gratitude, much more than we can ever hope to repay. I hope you will continue to help many more penniless subalterns like myself, and I never fail to mention you to all I meet.”

*An Officer of the A.O.D. writes thus :—*“ Although it must give you a lot of trouble, I am really glad to hear that you have so many letters to attend to, as I am sure you are doing a good work, particularly if young Officers form the majority of your correspondents. We had a lamentable case of the uncertainty of life in my Corps not long ago,—a young Officer, married, with a child, absolutely nothing to leave but a quantity of debts. Being young and in good health he did not trouble about Insurance or anything. Riding home one day on his bicycle, he had a fall and injured himself so badly that he died. Result, widow left with nothing and debts to meet.”

*An Officer of the I.M.S. writes thus :—*“ I have heard you so run down by various Insurance agents that I think I cannot do better than place myself in your hands and ask your advice on Insurance matters.” On receipt of my advice the same Officer wrote thus : “ I am most grateful to you for your trouble. I have filled up two forms and am sending them to you.”

*I was much pleased to receive a letter dated 25/3/09 containing the following passage : I hope this passage may yet fall under the eyes of that veracious person, Mr. William Schooling :—*“ After what you have done for so many men in the Indian Army and services I was exceedingly annoyed to see the lying and scurrilous articles in the Insurance section of “ Truth,” and beg to offer you my sympathy in the annoyance they must have caused you ; though they probably did your business good instead of harm, as was intended by the writer.”

*An Officer of the P.W.D. writes thus :—*“ I have to-day received my Policy, and I write to express my gratitude for the trouble you have taken in getting my case settled and for your unfailing courtesy since I first sent home a proposal nearly four years ago. Your name and fame are well-known in the Punjab, but if I should come across anyone who has not heard of you I should be delighted to put him up to a good thing. With my best thanks, I am, yours faithfully.”

*Please write legibly, and register your letters.*

(Address)

(Date)

DEAR SIR.—On the conditions stated on the back of this Form, to which I agree, please advise whether the below-noted Policy, which I now hold, can be profitably closed and replaced by another, and if so how and of what sort. **I undertake, in particular, to keep your reply confidential.**

Yours faithfully, (Signature)

[N.B.—Much the surest plan is to send me the Policy in original, if practicable, registered. It will be promptly returned under registered cover].

Name of office? .....

1 Number (or page in Prospectus) of "Table" under which policy granted? .....

2 Date and Number of Policy?

3 Sum Insured? When payable?

4 With or without profits? .....

5 Amount of premium: how often and for how long payable? .....

6 Premiums on what dates payable? .....

7 Exact date of insured person's birth. (Day, month, and year)? .....

8 Average longevity of family?...

9 State of insured's own health?

10 Precise object (Provision for others, to come in at death, or Investment)? .....

11 How many more years **actual** residence in India likely, exclusive of furlough? .....

12 What bonuses, if any, have been declared? .....

13 Any bonus taken in cash or in reduction of premium?.....

14 Is Policy free of debt? If not, what sum would be needed to free it? What interest is being paid? .....

Note.—So far as practicable, by utilizing "days of grace" (usually 30), **further premiums should be held back** pending my reply by return of post; and the intention to utilize the "grace days" should be **specially mentioned** to me. The enquiry should be sent registered.

E. P. HENDERSON, I.C.S. (retired).

42 LEINSTER GARDENS, LONDON, W.

PLEASE TURN OVER.

The following are the conditions on which my advice on Insurance can be obtained by all persons who, in my opinion, apply for it in good faith. **Applicants will be good enough to state their profession.**

#### CONDITIONS.

(1) I agree and bind myself on my honour to in no circumstances accept any commission or other benefit whatever from any Life Office in excess of the normal scale of commission in general use amongst the first-class commission-paying Offices.

(2) I undertake on my honour that I have accepted, and will accept, no agency of any Life Office whatever, and that I am and will remain entirely dissociated from every Life Office.

(3) I undertake on my honour to keep my correspondents' communications strictly confidential in every respect.

(4) No person consulting me is anywise bound to act on my advice.

(5) No fees shall be payable to me by those consulting me in any event whatever.

(6) **Those consulting me** undertake on their honour

(a) to keep my communications and advice strictly confidential in every respect;

(b) to put in their proposal through me if based on my advice **(whether as to selection of Office or of Policy,** or of both); and

(c) that they will not, after hearing from me, give any Office in which they are already insured, or from which they have got a definite quotation for a (new) Policy, an opportunity of quoting better terms, thereafter dropping me and my suggestions.

E. P. HENDERSON, I.C.S.,

*Retired.*

42 LEINSTER GARDENS,  
LONDON, W.

(Address)

(Date)

DEAR SIR.—On the conditions stated on the back of this Form, to which I agree, please advise whether the below-noted Policy, which I now hold, can be profitably closed and replaced by another, and if so how and of what sort. **I undertake, in particular, to keep your reply confidential.**

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**4** With or without profits? .....

**5** Amount of premium: how often and for how long payable? .....

**6** Premiums on what dates payable? .....

**7** Exact date of insured person's birth. (Day, month, and year)? .....

**8** Average longevity of family?...

**9** State of insured's own health?

**10** Precise object (Provision for others, to come in **at death**, or Investment)? .....

**11** How many more years **actual** residence in India likely, exclusive of furlough? .....

**12** What bonuses, if any, have been declared? .....

**13** Any bonus taken in cash or in reduction of premium?.....

**14** Is Policy free of debt? If not, what sum would be needed to free it? What interest is being paid? .....

NOTE.—So far as practicable, by utilizing "days of grace" (usually 30), **further premiums should be held back** pending my reply by return of post; and the intention to utilize the "grace days" should be **specially mentioned** to me. The enquiry should be sent registered.

E. P. HENDERSON, I.C.S. (*retired*),  
42 LEINSTER GARDENS, LONDON, W.

The following are the conditions on which my advice on Insurance can be obtained by all persons who, in my opinion, apply for it in good faith. **Applicants will be good enough to state their profession.**

#### CONDITIONS.

- (1) I agree and bind myself on my honour to in no circumstances accept any commission or other benefit whatever from any Life Office in excess of the normal scale of commission in general use amongst the first-class commission-paying Offices.
- (2) I undertake on my honour that I have accepted, and will accept, no agency of any Life Office whatever, and that I am and will remain entirely dissociated from every Life Office.
- (3) I undertake on my honour to keep my correspondents' communications strictly confidential in every respect.
- (4) No person consulting me is anywise bound to act on my advice.
- (5) No fees shall be payable to me by those consulting me in any event whatever.
- (6) **Those consulting me** undertake on their honour
  - (a) to keep my communications and advice strictly confidential in every respect;
  - (b) to put in their proposal through me if based on my advice **(whether as to selection of Office or of Policy,** or of both); and
  - (c) that they will not, after hearing from me, give any Office in which they are already insured, or from which they have got a definite quotation for a (new) Policy, an opportunity of quoting better terms, thereafter dropping me and my suggestions.

E. P. HENDERSON, I.C.S.,

*Retired.*

42 LEINSTER GARDENS,  
LONDON, W.

(Address)

(Date) .....

DEAR SIR,—On the conditions stated on the back of this Form, to which I agree, please advise whether the below-noted Policy, which I now hold, can be profitably closed and replaced by another, and if so how and of what sort. **I undertake, in particular, to keep your reply confidential.**

Yours faithfully, (Signature) .....

[N.B.—Much the surest plan is to send me the Policy in original, if practicable, registered. It will be promptly returned under registered cover].

Name of Office? .....

**1** Number (or page in Prospectus) of "Table" under which policy granted? .....

**2 Date** and Number of Policy?

**3** Sum Insured? When payable?

**4** With or without profits? .....

**5** Amount of premium: how often and for how long payable? .....

**6** Premiums on what dates payable? .....

**7** Exact date of insured person's birth. (Day, month, and year)? .....

**8** Average longevity of family?...

**9** State of insured's own health?

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E. P. HENDERSON, I.C.S.,  
*Retired.*

# THE NATIONAL SERVICE LEAGUE \*

There is no form of insurance which should appeal so forcibly, so imperiously, to every Englishman of sense as insurance of the peace and safety of the Country and the Empire. Short of compulsory and universal service, these great objects cannot be promoted more effectually than by suitable universal training, sufficient to make every man fit to take his part in the defence of his Country. I have myself joined the National Service League, and I take the liberty of reprinting here an extract from its Journal. **I trust that every reader of this Pamphlet will not only join the League himself, but will do everything in his power to induce others to do likewise.** I have the best authority for stating that the numbers of members are steadily increasing; but new members are wanted by hundreds of thousands.

E. P. H., 10/6/07.

## THE NATIONAL SERVICE LEAGUE

(With which is incorporated THE LADS' DRILL ASSOCIATION).

*President:* FIELD MARSHAL EARL ROBERTS, V.C., K.G.

### *Vice-Presidents:*

THE DUKE OF WELLINGTON, K.G.                   THE VISCOUNT MILNER, G.C.B., G.C.M.G.  
THE EARL OF MEATH, K.P., P.C.                   THE LORD RAGLAN.

The objects of the League are, briefly, to secure the peace and safety of the country and the Empire, and improve the moral and physical condition of the nation by bringing about the adoption of universal military training in order to form a National Reserve. This training should be preceded by sound physical development, military drill, and rifle shooting in all schools, accompanied by the instruction of all British boys and girls in patriotism and duty towards their country.

With a view to attaining the above objects, the League advocates that, subject to certain exemptions to be defined by law, including those necessary to provide for the requirements of the Navy and the Mercantile Marine :

Every man of sound physique, without distinction of class, shall be legally liable during certain years of his life to be called upon for service in the United Kingdom in case of emergency;

In order to fit him for this duty he shall be legally obliged to undergo three or four months' military training when he arrives at the military age—*i.e.*, 18.

\* I am proud to say that this Notice has secured many recruits. E.P.H  
15/4/08.

This limited amount of training can, however, only be effective if as much military instruction as possible has been given to all boys previous to their reaching the military age. Such instructional training will, moreover, have a beneficial effect on the moral and physical condition of the population at large.

For this purpose the League recommends :

The development of a spirit of patriotism and duty towards the country in all boys at school. This is already done in some of our Colonies, in the United States, and in several Continental countries.

Universal physical training of a military character, and instruction in the use of the rifle, as part of the curriculum of all schools; and—in the case of boys who leave school before eighteen—the continuation of this training, up to that age, in cadet corps, boys' brigades, and similar institutions, under State supervision.

The encouragement of rifle clubs, and the endeavour to make rifle shooting a national sport.

The National Service League does not propose Conscription nor Universal Service, but Universal Training. "By the system I propose, no actual service would be demanded of anyone, except for Home Defence in a great national emergency."—Field-Marshal Earl Roberts, Manchester, January 30th, 1906. The training would be short, and would not necessarily involve residence in barracks.

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#### TERMS OF SUBSCRIPTION

(To take effect from the 1st July, 1907).

##### LIFE PAYMENTS.

Hon. Vice-Presidents	... £25 0 0	Members	... ...	... £10 10 0
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##### ANNUAL PAYMENTS.

Hon. Vice-Presidents	... £5 0 0	Bona fide students, with Literature and Journal...	£0 2 6
Members	... 1 1 0	Associates, without Litera- ture and Journal	... 0 1 0

Subscriptions are renewable annually on the first day of the month in which the first payment was made.

The subscription of Ladies is at half-rates, except in the case of subscriptions of Associates.

The subscription of Volunteers is also at half-rates, except in the case of subscriptions of Associates.

NOTE.—The Liability of Members under the Articles of Association is limited to the payment of 10/- . Associates are not entitled to vote, and their names are not printed in the Annual Reports. They have no Liability.

**Every sympathiser should, above all, JOIN the League.**

*Secretary : MR. GEORGE F. SHEE, M.A.*

Offices : 72 VICTORIA STREET, WESTMINSTER, LONDON, S.W.

# THE NAVY LEAGUE.

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## THE OBJECTS OF THE NAVY LEAGUE.

BY A FRIEND.

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First.—To bring home to every man, woman and child in the United Kingdom, that **the bulk of the raw material used in our manufactures, and two-thirds of the food we eat, is transported across the sea.** That, if the supply of material and the export of manufactured products is arrested, the wage fund will disappear, so that the purchasing power of the people must prove utterly inadequate to their needs, and the available store of provisions, however increased, will be entirely beyond their means. That, consequently, fortifications and military strength adequate to resist invasion will be powerless to avert national disaster. **That the protection of commerce at sea is, therefore, vital to the people of this country, and especially to the working classes.** That **commerce can be guarded only by a supremely powerful navy, able to assert and to maintain the command of the sea.**

Second.—To convince every tax-payer and every politician, that **judicious expenditure upon the navy is, for the nation, only the ordinary insurance which no sane person grudges in private affairs,** applied to risks appalling in their nature and extent.

Third.—**To enlist, on national grounds, the support of all classes in maintaining the Fleet at the requisite standard of strength,** and to denounce any shortcomings in this respect.

Fourth.—**To insist that the question of the Navy lies above and beyond all considerations of party politics,** that a sudden development of naval strength is impossible, **and that continuity of preparation is the essence of national security,** and the only preventive of ruinous and discreditable scares.

Fifth.—Throughout the Empire to explain by lectures, by the dissemination of literature, by meetings and by private propaganda, how **naval supremacy**, the heritage handed down by generations of British seamen, **has been alike the source of national prosperity and the sure safeguard of the liberties of the people** in periods of stress.

Sixth and finally.—By inculcating and strenuously upholding the principles of a great national policy based upon sea power, to bind together the scattered members of the Empire into one great whole, united in interest as in heart, and prepared to maintain intact in territory, and untarnished in honour, the splendid inheritance received from our forefathers.

## CONSTITUTION OF THE NAVY LEAGUE.

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1. This Association shall be called "THE NAVY LEAGUE." Its purpose shall be to secure as the primary object of the National Policy, "The Command of the Sea."

2. The general aims of The Navy League shall be—

(a) To spread information, showing the vital importance to the British Empire of the maintenance of Naval supremacy upon which depend its trade, empire, and national existence.

(b) To call attention to the enormous demands which war would make upon the Navy, and to such measures as may be requisite to secure adequate preparation for the maritime defence of the Empire.

(c) To urge these matters on public men, and, in particular, upon candidates for Parliament.

3. The League shall be absolutely distinct from all **party** politics.

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Hon. Vice-Presidents	...	...	...	£5	0	0	annually.
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Do.	for life	...	...	25	0	0	
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Members (Ladies and Gentlemen)	...	...	...	1	1	0	annually.
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Do.	do.	for life	...	10	10	0	
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Associates, with publications post-free, not less than	0	5	0	annually.
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Do. without publications	...	...	any less amount.
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Subscriptions are renewable on the first day of the quarter of the year corresponding with that in which the Member or Associate joined the League.

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*The League is by special License of the Board of Trade incorporated under the Companies Acts, and by the Articles of Association the liability of Members in the event of a winding up is limited to ten shillings each.*



UNIVERSITY OF ILLINOIS-URBANA



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